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CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 266

**Introduced by Assembly Members Bonta, Cooley, Jones-Sawyer,
and Lackey
(Coauthor: Assembly Member Chiu)**

February 10, 2015

An act to amend ~~Sections 2220.05, 2242, and 2264~~ *Section 2220.05* of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Chapter 3.5 (commencing with Section 19300) to Division 8 of, the Business and Professions Code, *to amend Section 11552 of the Government Code*, to amend and repeal Section 11362.775 of the Health and Safety Code, to add Sections 147.5 and 3094 to the Labor Code, and to add Section 2402.5 to the Vehicle Code, relating to medical cannabis.

LEGISLATIVE COUNSEL'S DIGEST

AB 266, as amended, Bonta. Medical cannabis.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use. Existing law provides for the licensure of various professions by the Department of Consumer Affairs. Existing law, the Sherman Food, Drug, and Cosmetic Law, provides for the regulation of food, drugs, devices, and cosmetics, as specified. A violation of that law is a crime.

This bill would enact the Medical Cannabis Regulation and Control Act and would establish within the office of the Governor, the Governor's Office of Medical Cannabis Regulation to coordinate and provide oversight of the licensing and regulation of various commercial cannabis activities, as defined. The bill would establish the Division of Medical Cannabis Regulation within the State Board of Equalization, for the licensure and regulation of medical cannabis dispensaries and transporters. The bill would establish the Division of Medical Cannabis Manufacturing and Testing within the State Department of Public Health for the licensing and regulation of medical cannabis manufacturers and certified testing laboratories. The bill would also require the Division of Medical Cannabis Manufacturing and Testing to set specified standards for edible cannabis products. The bill would also establish the Division of Medical Cannabis Cultivation within the Department of Food and Agriculture for the licensure and regulation of medical cannabis cultivators. The bill would set forth the duties of these various divisions. The bill would require the office, by April 1, 2016, to convene a task force to advise the office on the development of standards for the regulation of medical cannabis.

This bill would provide for the enforcement of the provisions of the act and of local ordinances relating to medical cannabis by the state and local governments and would require the office, by January 1, 2017, to develop an enforcement framework that clarifies the enforcement roles of the state and local governments. The bill would specify that it does not supersede the provisions of Measure D, approved by the voters of the City of Los Angeles on the May 21, 2013, ballot and would require the State Board of Equalization to enter into a memorandum of understanding with the City of Los Angeles to establish specified

protocols, including tracking medical cannabis to and from the City of Los Angeles. The bill would exempt facilities engaged in commercial cannabis activity within the City of Los Angeles from the licensing requirements and would give the city full power and authority to enforce prescribed standards and regulations.

This bill would require, before a business granted a state license commences operation, that the business also obtain a license or permit from the local jurisdiction and would authorize the local jurisdiction to regulate commercial cannabis activity in specified ways. The bill would provide for provisional licensure to engage in commercial cannabis activity, as specified, until the state license application is either granted or denied or until July 1, 2017.

This bill would, by January 1, 2017, require the Division of Labor Standards and Enforcement to develop a certification program for cannabis employees. The bill would require, by January 1, 2019, that all persons who perform work as cannabis employees be certified or participating in an apprenticeship program, as provided.

This bill would establish the Medical Cannabis Regulation Fund and various accounts within that fund for the collection of fines and fees imposed on the licensees conducting commercial cannabis activities.

(2) Existing law establishes the Division of Apprenticeship Standards, which audits and regulates apprenticeship programs for various trades, including electricians.

This bill would require the division to investigate, approve, or reject applications for apprenticeship employees of a licensed cultivation site or a licensed dispensing facility, as defined.

(3) Existing law, the Medical Practice Act, provides for the licensure and regulation of physicians and surgeons by the Medical Board of California. Existing law requires the board to prioritize investigations and prosecutions of physicians and surgeons representing the greatest threat of harm, as specified. Existing law identifies the cases that are to be given priority, which include cases of repeated acts of excessively prescribing, furnishing, or administering controlled substances without a good faith prior examination of the patient. Existing law sets forth the conduct that would constitute unprofessional conduct for a physician and surgeon, including, but not limited to, prescribing certain drugs without an appropriate examination or medical indication. Existing law provides that a violation of the Medical Practice Act is a crime.

This bill would require the board to consult with the Center for Medicinal Cannabis Research on developing and adopting medical guidelines for the appropriate administration and use of marijuana.

The bill would also make it a misdemeanor for a physician and surgeon who recommends marijuana to a patient for a medical purpose to accept, solicit, or offer any remuneration from or to a licensed dispensing facility in which the physician and surgeon or his or her immediate family has a financial interest. By creating a new crime, the bill would impose a state-mandated local program.

This bill would specify that recommending marijuana to patients without an appropriate prior examination and a medical indication is unprofessional conduct. The bill would provide that specified acts of recommending marijuana for medical purposes without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the board, as described above. The bill would further prohibit a physician and surgeon from recommending medical marijuana to a patient unless that person is the patient's attending physician, as defined. Because a violation of that provision would be a crime, the bill would impose a state-mandated local program.

(4) Existing law exempts qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards from certain crimes, including possession of concentrated cannabis and marijuana, cultivation of marijuana, and possession of marijuana for sale.

This bill, commencing 180 days after the Governor's Office of Medical Cannabis Regulation posts a notice on its Internet Web site that the licensing authorities have commenced issuing provisional licenses, would repeal those provisions.

(5) Existing law authorizes the legislative body of a city or county to impose various taxes, including a transactions and use tax at a rate of 0.25%, or a multiple thereof, if approved by the required vote of the legislative body and the required vote of qualified voters, and limits the combined rate of transactions and use taxes within a city or county to 2%.

This bill would authorize a county to impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing medical cannabis or medical cannabis products. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require

a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.

~~(5)~~

(6) Existing law establishes the *Department of Motor Vehicles and the Department of the California Highway Patrol*. Existing law also prohibits and establishes standards for driving under the influence of alcohol.

This bill would require the *Department of Motor Vehicles, in consultation with the Department of the California Highway Patrol*, to ~~establish protocols to determine whether a driver is operating a vehicle under the influence of cannabis, and to develop protocols setting forth best practices to assist law enforcement agencies. prepare and submit a report that identifies best practices for the identification, detection, and apprehension of drivers operating a vehicle unsafely due to medical cannabis impairment.~~

~~(6)~~

(7) Existing law regulates the labor practices of agricultural employers. Existing law establishes the Occupational Safety and Health Standards Board within the Department of Industrial Relations to adopt, amend, and repeal occupational safety and health standards and establishes the Division of Occupational Safety and Health to enforce those standards.

This bill would include licensed cultivation sites in the definition of agricultural employer. The bill would require the division to convene an advisory committee to evaluate whether there is a need to develop industry-specific regulations relating to facilities issued a conditional license.

~~(7)~~

(8) This bill would provide that its provisions are severable.

~~(8)~~

(9) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

~~(9)~~

(10) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The people of California enacted the Compassionate Use
4 Act of 1996 to ensure that seriously ill Californians have access
5 to cannabis for medical purposes. The Compassionate Use Act of
6 1996 urged the state and federal governments to implement a plan
7 to provide for the safe and affordable distribution of medical
8 cannabis to all patients in medical need of the drug.

9 (b) Federal enforcement authorities have recognized that in
10 states that have authorized cannabis use and have enacted strong
11 and effective regulatory and enforcement systems to control the
12 cultivation, distribution, sale, and possession of cannabis, conduct
13 in compliance with those regulatory and enforcement systems is
14 less likely to threaten federal priorities, and, thus, less likely to
15 require federal enforcement intervention (See: Memorandum For
16 All United States Attorneys—Guidance Regarding Marijuana
17 Enforcement, by James M. Cole, Deputy Attorney General, August
18 29, 2013).

19 (c) Greater certainty and minimum statewide standards are
20 urgently needed regarding the obligations of medical cannabis
21 facilities, and for the imposition and enforcement of regulations
22 to prevent unlawful cultivation and the diversion of cannabis to
23 nonmedical use.

24 (d) The purpose of this act is to establish for California a robust
25 medical cannabis regulatory and enforcement system to ensure
26 that conduct in compliance with California's medical cannabis
27 laws does not threaten the federal priorities as set forth in the James
28 M. Cole memorandum, and, therefore, does not require federal
29 enforcement intervention.

1 (e) The California Constitution grants cities and counties the
2 authority to make and enforce, within their borders, “all local
3 police, sanitary, and other ordinances and regulations not in conflict
4 with the general laws.” This inherent local police power includes
5 broad authority to determine, for purposes of public health, safety,
6 and welfare, the appropriate uses of land within the local
7 jurisdiction’s borders. The police power, therefore, allows each
8 city and county to determine whether or not a medical cannabis
9 dispensary or other facility that makes medical cannabis available
10 may operate within its borders. This authority has been upheld by
11 City of Riverside v. Inland Empire Patients Health and Wellness
12 Center, Inc. (2013) 56 Cal.4th 729, and County of Los Angeles v.
13 Hill (2011) 192 Cal.App.4th 861. Nothing in this act shall diminish,
14 erode, or modify that authority.

15 (f) If a city or county determines that a dispensary or other
16 facility that makes medical cannabis available may operate within
17 its borders, then there is a need for the state to license these
18 dispensaries and other facilities for the purpose of adopting and
19 enforcing protocols for security standards at dispensaries and in
20 the transportation of medical cannabis, as well as health and safety
21 standards to ensure patient safety. This licensing requirement is
22 not intended in any way nor shall it be construed to preempt local
23 ordinances, regulations, or enforcement actions regarding the sale
24 and use of medical cannabis, including, but not limited to, security,
25 signage, lighting, and inspections.

26 (g) To the extent that this act does not conflict with or violate
27 Section 11362.5 of the Health and Safety Code, nothing in this act
28 or Article 2 (commencing with Section 11357) or Article 2.5
29 (commencing with Section 11362.7) of Chapter 6 of Division 10
30 of the Health and Safety Code is intended to preempt any local
31 ordinance regulating or banning the cultivation, processing,
32 manufacturing, testing, transportation, distribution, provision,
33 ~~donation~~, or sale of medical cannabis, or to otherwise prevent or
34 limit a city, county, or city and county from adopting or enforcing
35 a zoning ordinance or other law, ordinance, or regulation that bans
36 or regulates the location, operation, or establishment of any
37 individual or other person that cultivates, processes, possesses,
38 stores, manufactures, tests, transports, distributes, provides,
39 ~~donates~~, or sells cannabis.

(h) Nothing in this act is intended to interfere with an employer's rights and obligations to maintain a drug and alcohol free workplace or to require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace, or to affect the ability of employers to have policies prohibiting the use of cannabis by employees and prospective employees, or otherwise complying with state and federal law.

(i) Nothing in this act shall be construed to promote or facilitate the nonmedical, recreational possession, sale, or use of cannabis.

(j) Nothing in this act shall have a diminishing effect on the protections granted to a patient or primary caregiver pursuant to the Compassionate Use Act of 1996.

SEC. 2. Section 2220.05 of the Business and Professions Code is amended to read:

2220.05. (a) In order to ensure that its resources are maximized for the protection of the public, the Medical Board of California shall prioritize its investigative and prosecutorial resources to ensure that physicians and surgeons representing the greatest threat of harm are identified and disciplined expeditiously. Cases involving any of the following allegations shall be handled on a priority basis, as follows, with the highest priority being given to cases in the first paragraph:

(1) Gross negligence, incompetence, or repeated negligent acts that involve death or serious bodily injury to one or more patients, such that the physician and surgeon represents a danger to the public.

(2) Drug or alcohol abuse by a physician and surgeon involving death or serious bodily injury to a patient.

(3) Repeated acts of clearly excessive prescribing, furnishing, or administering of controlled substances, or repeated acts of prescribing, dispensing, or furnishing of controlled substances, ~~or recommending cannabis to patients for medical purposes~~ without a good faith prior examination of the patient and medical reason therefor. However, in no event shall a physician and surgeon prescribing, furnishing, or administering controlled substances for intractable pain consistent with lawful prescribing, including, but not limited to, Sections 725, 2241.5, and 2241.6 of this code and Sections 11159.2 and 124961 of the Health and Safety Code, be prosecuted for excessive prescribing and prompt review of the

1 applicability of these provisions shall be made in any complaint
2 that may implicate these provisions.

3 (4) *Repeated acts of clearly excessive recommending of cannabis*
4 *to patients for medical purposes, or repeated acts of recommending*
5 *cannabis to patients for medical purposes without a good faith*
6 *prior examination of the patient and a medical reason for the*
7 *recommendation.*

8 (4)

9 (5) Sexual misconduct with one or more patients during a course
10 of treatment or an examination.

11 (5)

12 (6) Practicing medicine while under the influence of drugs or
13 alcohol.

14 (b) The board may by regulation prioritize cases involving an
15 allegation of conduct that is not described in subdivision (a). Those
16 cases prioritized by regulation shall not be assigned a priority equal
17 to or higher than the priorities established in subdivision (a).

18 (c) The Medical Board of California shall indicate in its annual
19 report mandated by Section 2312 the number of temporary
20 restraining orders, interim suspension orders, and disciplinary
21 actions that are taken in each priority category specified in
22 subdivisions (a) and (b).

23 ~~SEC. 3. Section 2242 of the Business and Professions Code is~~
24 ~~amended to read:~~

25 ~~2242. (a) Prescribing, dispensing, or furnishing dangerous~~
26 ~~drugs as defined in Section 4022 without an appropriate prior~~
27 ~~examination and a medical indication, constitutes unprofessional~~
28 ~~conduct. Recommending medical cannabis to a patient for a~~
29 ~~medical purpose without an appropriate prior examination and a~~
30 ~~medical indication constitutes unprofessional conduct.~~

31 ~~(b) No licensee shall be found to have committed unprofessional~~
32 ~~conduct within the meaning of this section if, at the time the drugs~~
33 ~~were prescribed, dispensed, or furnished, any of the following~~
34 ~~applies:~~

35 ~~(1) The licensee was a designated physician and surgeon or~~
36 ~~podiatrist serving in the absence of the patient's physician and~~
37 ~~surgeon or podiatrist, as the case may be, and if the drugs were~~
38 ~~prescribed, dispensed, or furnished only as necessary to maintain~~
39 ~~the patient until the return of his or her practitioner, but in any case~~
40 ~~no longer than 72 hours.~~

~~(2) The licensee transmitted the order for the drugs to a registered nurse or to a licensed vocational nurse in an inpatient facility, and if both of the following conditions exist:~~

~~(A) The practitioner had consulted with the registered nurse or licensed vocational nurse who had reviewed the patient's records.~~

~~(B) The practitioner was designated as the practitioner to serve in the absence of the patient's physician and surgeon or podiatrist, as the case may be.~~

~~(3) The licensee was a designated practitioner serving in the absence of the patient's physician and surgeon or podiatrist, as the case may be, and was in possession of or had utilized the patient's records and ordered the renewal of a medically indicated prescription for an amount not exceeding the original prescription in strength or amount or for more than one refill.~~

~~(4) The licensee was acting in accordance with Section 120582 of the Health and Safety Code.~~

~~SEC. 4. Section 2264 of the Business and Professions Code is amended to read:~~

~~2264. (a) The employing, directly or indirectly, the aiding, or the abetting of any unlicensed person or any suspended, revoked, or unlicensed practitioner to engage in the practice of medicine or any other mode of treating the sick or afflicted which requires a license to practice constitutes unprofessional conduct.~~

~~(b) Employment by, or other agreement with, a mandatory commercial licensee acting pursuant to the Medical Cannabis Regulation and Control Act or a dispensary to provide recommendations for medical cannabis constitutes unprofessional conduct.~~

~~SEC. 5.~~

~~SEC. 3. Article 25 (commencing with Section 2525) is added to Chapter 5 of Division 2 of the Business and Professions Code, to read:~~

Article 25. Recommending Medical Cannabis

2525. (a) It is unlawful for a physician and surgeon who recommends cannabis to a patient for a medical purpose to accept, solicit, or offer any form of remuneration from or to a facility issued a state license pursuant to Chapter 3.5 (commencing with

1 Section 19300) of Division 8, if the physician and surgeon or his
2 or her immediate family have a financial interest in that facility.

3 (b) For the purposes of this section, “financial interest” shall
4 have the same meaning as in Section 650.01.

5 (c) A violation of this section shall be a misdemeanor.

6 2525.1. The Medical Board of California shall consult with
7 the California Marijuana Research Program, known as the Center
8 for Medicinal Cannabis Research, authorized pursuant to Section
9 11362.9 of the Health and Safety Code, on developing and adopting
10 medical guidelines for the appropriate administration and use of
11 medical cannabis.

12 2525.2. A physician and surgeon shall not recommend medical
13 cannabis to a patient, unless that person is the patient’s attending
14 physician, as defined by subdivision (a) of Section 11362.7 of the
15 Health and Safety Code.

16 2525.3. *Recommending medical cannabis to a patient for a*
17 *medical purpose without an appropriate prior examination and a*
18 *medical indication constitutes unprofessional conduct.*

19 2525.4. *Employment by, or other agreement with, a licensee*
20 *acting pursuant to the Medical Cannabis Regulation and Control*
21 *Act (Chapter 3.5 (commencing with Section 19300) of Division 8)*
22 *or a dispensary to provide recommendation for medical cannabis*
23 *constitutes unprofessional conduct.*

24 ~~SEC. 6.~~

25 SEC. 4. Chapter 3.5 (commencing with Section 19300) is added
26 to Division 8 of the Business and Professions Code, to read:

27
28 CHAPTER 3.5. MEDICAL CANNABIS

29
30 Article 1. Definitions

31
32 19300. For purposes of this chapter, the following definitions
33 shall apply:

34 (a) “Accrediting body” means a nonprofit impartial
35 organization that requires conformance to ISO/IEC 17025
36 requirements and is a signatory to the International Laboratory
37 Accreditation Cooperation Mutual Recognition Arrangement for
38 Testing.

39 (b) “Act” means this chapter.

1 (c) “Batch” means a specific quantity of medical cannabis or
2 medical cannabis products that is intended to have uniform
3 character and quality, within specified limits, and is produced
4 according to a single manufacturing order during the same cycle
5 of manufacture.

6 (a)

7 (d) “Cannabinoid” means a chemical compound that is unique
8 to and derived from cannabis, also known as phytocannabinoid.

9 (b)

10 (e) “Cannabis” means all parts of the plant *Cannabis sativa* L.,
11 *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not;
12 the seeds thereof; the resin, whether crude or purified, extracted
13 from any part of the plant; and every compound, manufacture, salt,
14 derivative, mixture, or preparation of the plant, its seeds, or resin.
15 “Cannabis” does not include the mature stalks of the plant, fiber
16 produced from the stalks, oil or cake made from the seeds of the
17 plant, any other compound, manufacture, salt, derivative, mixture,
18 or preparation of the mature stalks (except the resin extracted
19 therefrom), fiber, oil, or cake, or the sterilized seed of the plant
20 which is incapable of germination. “Cannabis” also means the
21 separated resin, whether crude or purified, obtained from marijuana.
22 Without limiting the definition, “cannabis” also means marijuana
23 as defined by Section 11018 of the Health and Safety Code as
24 enacted by Chapter 1407 of the Statutes of 1972.

25 (e)

26 (f) “Cannabis concentrate” means manufactured cannabis that
27 has undergone a process to concentrate the cannabinoid active
28 ingredient, thereby increasing the product’s potency.

29 (d)

30 (g) “Caregiver” or “primary caregiver” has the same meaning
31 as that term is defined in Section 11362.7 of the Health and Safety
32 Code.

33 ~~(e) “Certified testing laboratory” means a laboratory that is~~
34 ~~certified by the State Department of Public Health to perform~~
35 ~~random sample testing of medical cannabis pursuant to the~~
36 ~~certification standards for these facilities promulgated by the~~
37 ~~department.~~

38 (h) “Certificate of accreditation” means a certificate issued by
39 an accrediting body for a licensed testing laboratory, entity, or
40 site to be registered in the state.

(f)

(i) “Commercial cannabis activity” means ~~any~~ cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of *medical* cannabis or *a medical* cannabis product, ~~or any technology platform that enables qualified patients or primary caregivers to arrange for or facilitate any of the above-described functions with a third party,~~ except as set forth in Section 19316.

(g)

(j) “Cultivation” means any activity involving the planting, growing, harvesting, drying, ~~processing, curing, grading, or~~ trimming of cannabis.

(h)

(k) “Delivery” means the commercial transfer of medical cannabis or medical cannabis products from a dispensary, *up to an amount determined by the State Board of Equalization*, to a primary caregiver or qualified patient, as defined in Section 11362.7 of the Health and Safety Code, *a testing laboratory, or to an event or location where it will be used solely for promotional purposes. Delivery also includes the use by a dispensary of a third party or any technology platform that enables qualified patients or primary caregivers to arrange for or facilitate the commercial transfer of medical cannabis or medical cannabis products.*

~~(i) “Delivery service” means a person issued a state license by the State Board of Equalization pursuant to this chapter and a local license or permit, to deliver medical cannabis or medical cannabis products, up to an amount determined by the department, to patients, testing laboratories, or to events or locations where it will be used solely for promotional purposes. A delivery service shall not be required to obtain a transporter license.~~

(j)

(l) “Director” means the director of the Office of Medical Cannabis Regulation.

(k)

(m) “Dispensary” means a physical retail establishment operating from a fixed location, including mobile deliveries that are expressly authorized by local ordinance originating from the location, that makes retail sales of medical cannabis or medical cannabis products.

(t)

1 (n) “Dispensing” means any activity involving the retail sale of
2 medical cannabis or medical cannabis products from a dispensary.

3 ~~(m)~~

4 (o) “Distribution” means the ~~first procurement, sale, and~~
5 ~~transport of medical cannabis in this state. Distribution does not~~
6 ~~include the sale of cannabis from a cultivator to a distributor, and~~
7 ~~medical cannabis products purchased and sold between licensed~~
8 ~~entities.~~

9 ~~(n)~~

10 (p) “Distributor” means a person who is engaged in the business
11 of purchasing medical cannabis ~~in this state from a licensed~~
12 ~~cultivator and who then distributes the medical cannabis to a~~
13 ~~manufacturer or dispensary, or medical cannabis products from a~~
14 ~~licensed manufacturer in order to distribute to other licensees.~~

15 ~~(o)~~

16 (q) “Dried flower” means all dead medical cannabis that has
17 been harvested, dried, cured, or otherwise processed, excluding
18 leaves and stems.

19 ~~(p)~~

20 (r) “Edible cannabis product” means manufactured cannabis
21 that is intended to be used, in whole or in part, for human
22 consumption, including, but not limited to, chewing gum.

23 ~~(q)~~

24 (s) “Fund” means the Medical Cannabis Regulation Fund
25 established pursuant to Section 19361.

26 ~~(r)~~

27 (t) “Identification program” means the universal identification
28 certificate program for licensees.

29 (u) “Immature plant” means a nonflowering live plant that is
30 no taller than eight inches and no wider than eight inches.

31 ~~(s)~~

32 (v) “Labor peace agreement” means an agreement between a
33 licensee and a bona fide labor organization that, at a minimum,
34 protects the state’s proprietary interests by prohibiting labor
35 organizations and members from engaging in picketing, work
36 stoppages, boycotts, and any other economic interference with the
37 applicant’s business. This agreement means that the applicant has
38 agreed not to disrupt efforts by the bona fide labor organization
39 to communicate with, and attempt to organize and represent, the
40 applicant’s employees. The agreement shall provide a bona fide

labor organization access at reasonable times to areas in which the applicant's employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.

(t)

(w) "Licensed cultivation site" means a ~~person that plants, grows, cultivates, harvests, dries, or processes facility where~~ medical ~~cannabis, cannabis is planted, grown, cultivated, harvested, dried, cured, graded, or trimmed,~~ or that does all or any combination of those activities, and that is issued a state license pursuant to this chapter and a local license or permit.

(u)

(x) "Licensed dispensing facility" means a ~~person that provides facility where~~ medical cannabis, medical cannabis products, or devices for the use of medical cannabis or medical cannabis ~~products, products are provided,~~ either individually or in any combination, and that is issued a state license pursuant to this chapter and a local license or permit.

(v)

(y) "Licensed manufacturer" means a person that conducts the production, preparation, propagation, ~~compounding, or processing or compounding~~ of medical cannabis or medical cannabis products, either directly or indirectly or by extraction ~~processes, methods,~~ or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis, and includes a location that packages or repackages medical cannabis or medical cannabis products or ~~labeling or relabeling of labels or relabels~~ its container, and that has been issued both a local license or permit and a state license pursuant to this chapter.

(z) "Licensed testing laboratory" means a facility, entity, or site in the state that offers or performs tests of medical cannabis or medical cannabis products, and that is both of the following:

(1) Accredited as operating to ISO standard 17025 by an accrediting body that is independent from all other persons involved in the medical cannabis industry in the state.

(2) Registered with the State Department of Public Health.

(w)

1 (aa) “Licensed transporter” means a person issued a state license
2 by the *State Board of Equalization* to transport medical cannabis
3 or medical cannabis products ~~above a limit in an amount above a~~
4 *threshold* determined by the ~~board~~ *State Board of Equalization*
5 between facilities that have been issued a state license or to
6 dispensing facilities in the City of Los Angeles pursuant to this
7 chapter.

8 ~~(x)~~
9 (ab) “Licensee” means a person issued a state license under this
10 chapter to engage in commercial cannabis activity.

11 ~~(y)~~
12 (ac) “Licensing authority” means the state agency responsible
13 for granting and renewing state licenses and regulating the relevant
14 licensees. For licensed cultivators, the licensing authority is the
15 Division of Medical Cannabis Cultivation in the Department of
16 Food and Agriculture. For dispensaries and transporters, the
17 licensing authority is the Division of Medical Cannabis Regulation
18 within the State Board of Equalization. For licensed manufacturers
19 and certified testing laboratories, the licensing authority is the
20 Division of Medical Cannabis Manufacturing and Testing within
21 the State Department of Public Health.

22 ~~(z)~~
23 (ad) “Live plants” means living medical cannabis flowers and
24 plants, including seeds, immature plants, and vegetative stage
25 plants.

26 (ae) “Lot” means a batch, or a specifically identified portion
27 of a batch, having uniform character and quality within specified
28 limits. In the case of medical cannabis or a medical cannabis
29 product produced by a continuous process, “lot” means a
30 specifically identified amount produced in a unit of time or a
31 quantity in a manner that ensures its having uniform character
32 and quality within specified limits.

33 ~~(aa)~~
34 (af) “Manufactured cannabis” means raw cannabis that has
35 undergone a process whereby the raw agricultural product has
36 been transformed into a concentrate, an edible product, or a topical
37 product.

38 ~~(ab)~~
39 (ag) “Manufacturing site” means a location that produces,
40 prepares, propagates, ~~compounds, or processes~~ *or compounds*

1 medical cannabis or medical cannabis products, directly or
2 indirectly, by extraction~~—processes;~~ *methods*, independently by
3 means of chemical synthesis, or by a combination of extraction
4 and chemical synthesis, and is owned and operated by a licensee
5 for these activities pursuant to this chapter. *activities.*

6 ~~(ae)~~

7 *(ah)* “Medical cannabis,” “medical cannabis product,” or
8 “cannabis product” means a product containing cannabis, including,
9 but not limited to, concentrates and extractions, intended to be sold
10 for use by medical cannabis patients in California pursuant to the
11 Compassionate Use Act of 1996 (Proposition 215).

12 ~~(ad)~~

13 *(ai)* “Nursery” means a licensee that produces only clones,
14 immature plants, seeds, and other agricultural products used
15 specifically for the planting, propagation, and cultivation of medical
16 cannabis.

17 ~~(ae)~~

18 *(aj)* “Office” means the Governor’s Office of Medical Cannabis
19 Regulation.

20 ~~(af)~~

21 *(ak)* “Permit,” “local license,” or “local permit” means an
22 official document granted by a local jurisdiction that specifically
23 authorizes a person to conduct commercial cannabis activity in
24 the local jurisdiction.

25 ~~(ag)~~

26 *(al)* “Person” means an individual, firm, partnership, joint
27 venture, association, corporation, limited liability company, estate,
28 trust, business trust, receiver, syndicate, or any other group or
29 combination acting as a unit and includes the plural as well as the
30 singular number.

31 *(am)* “Pesticide” *has the same meaning as defined in Section*
32 *12753 of the Food and Agricultural Code.*

33 ~~(ah)~~

34 *(an)* “State license ” or “license” means a state license issued
35 pursuant to this chapter.

36 ~~(ai)~~

37 *(ao)* “Topical cannabis” means a product intended for external
38 use.

39 ~~(aj)~~

1 ~~(ap)~~ “Transport” means the transfer of medical cannabis or
2 medical cannabis products from the permitted business location
3 of one licensee to the permitted business location of another
4 licensee, or to dispensing facilities in the City of Los Angeles, for
5 the purposes of conducting commercial cannabis activity authorized
6 by licensees pursuant to this chapter.

7
8 Article 2. Administration
9

10 19301. This chapter shall be known, and may be cited, as the
11 Medical Cannabis Regulation and Control Act.

12 19302. (a) There is hereby created within the office of the
13 Governor, the Governor’s Office of Medical Cannabis Regulation,
14 under the supervision and control of the Director of the Office of
15 Medical Cannabis Regulation, who shall be appointed by the
16 Governor, subject to Senate confirmation. ~~The Governor shall~~
17 ~~appoint the director at a salary to be fixed and determined by the~~
18 ~~director with the approval of the Director of Finance. The director~~
19 ~~shall receive the salary provided for by Chapter 6 (commencing~~
20 ~~with Section 11550) of Part 1 of Division 3 of Title 2 of the~~
21 ~~Government Code.~~

22 (b) The director shall be the appointing power of all employees
23 within the office, and all heads of divisions, bureaus, and other
24 employees in the office shall be responsible to the director for the
25 proper carrying out of the duties and responsibilities of their
26 respective positions.

27 (c) In developing a regulatory framework pursuant to this
28 chapter, the director shall consult with state agencies possessing
29 expertise in licensure and enforcement, including, but not limited
30 to, the Department of Alcoholic Beverage Control and the
31 Department of Consumer Affairs.

32 ~~(d) On or before January 1, 2017, the office shall, in~~
33 ~~consultation with local governments, develop an enforcement~~
34 ~~framework that clarifies the enforcement roles of the state and~~
35 ~~local governments consistent with this chapter.~~

36 ~~(e)~~

37 (e) The office shall have overall executive authority and
38 responsibility for implementation of all aspects of *medical* cannabis
39 regulation pursuant to this chapter.

40 ~~(e)~~

(f) The office shall coordinate and provide oversight of all activities described in this chapter. The office shall lead all state and local authorities regarding the tracking of medical cannabis, medical cannabis products, and licensees pursuant to this chapter. ~~All departments and divisions specified in Section 19304 shall report directly to the office. Any information technology systems created to store and process data related to commercial cannabis licensing shall be integrated, and all licensing data shall be immediately available to each licensing authority and to the office.~~

19303. The office shall maintain a registry of all permit holders and shall maintain a record of all state licenses and commercial cannabis activity of the permit holder throughout the length of licensure and for a minimum of seven years following the expiration of each license. The office shall make limited licensee information available to a licensee so that it may verify whether it is engaging in commercial cannabis activities with a properly licensed entity.

19304. The following entities shall report to, and be directly accountable to, the office for their respective designated responsibilities within the regulatory and enforcement framework, as follows:

(a) The Division of Medical Cannabis Regulation, which is established within the State Board of Equalization, shall do all of the following:

(1) Be administered by a person who is hired by the State Board of Equalization, and who shall serve in accordance with the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

(2) Administer this chapter, as it pertains to commercial cannabis activity relating to dispensaries and transporters.

(b) The Division of Medical Cannabis Manufacturing and Testing, which is established within the State Department of Public Health, shall do all of the following:

(1) Be administered by a person who is appointed by the State Department of Public Health, and who shall serve in accordance with the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

(2) Administer this chapter, as it pertains to manufacturing, testing, and ~~certification~~ *licensing* of testing laboratories for medical cannabis and medical cannabis products.

(c) The Division of Medical Cannabis Cultivation, which is established within the Department of Food and Agriculture, shall do all of the following:

(1) Be administered by a person who is appointed by the Department of Food and Agriculture, and who shall serve in accordance with the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

(2) Administer this chapter as it pertains to cultivation of medical cannabis.

(d) The California Environmental Protection Agency and the California Natural Resources Agency shall coordinate and direct the following entities in the discharge of their designated regulatory responsibilities:

(1) The State Water Resources Control Board shall promulgate regulations related to discharge into waterways, and diversion therefrom, resulting from cannabis cultivation.

(2) The Department of Fish and Wildlife shall promulgate regulations of *cultivation activities* for the protection of any species affected by cultivation activity, and regulations for any cultivation-related development, including alteration of waterways.

(3) The Department of Pesticide Regulation shall promulgate regulations consistent with Division 6 (commencing with Section 11401) of the Food and Agricultural Code.

(e) The Department of Justice shall conduct the following activities:

(1) Perform criminal background checks of applicants for licensure.

(2) Develop uniform security standards for dispensaries and all phases of transport covered by this chapter.

(3) Provide supplemental enforcement on an as-needed basis at the request of the office.

19305. (a) The office and licensing authorities shall have the authority necessary for the implementation of this chapter, including, but not limited to, all of the following:

(1) Establishing rules or regulations necessary to carry out the purposes and intent of this chapter and to enable the office and licensing authorities to exercise the powers and perform the duties conferred by this chapter and in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title

2 of the Government Code. These rules and regulations shall not limit the authority of a city, county, or city and county specified in Article 3 (commencing with Section 19307), or specified in Section 7 of Article XI of the California Constitution, or any other law. For the performance of its duties, the office has the powers set forth in Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government Code. The office shall review all regulations and guidance promulgated by licensing authorities in the administration of this chapter to ensure no duplication, overlap, ~~or conflict, or promulgation of~~ inconsistent regulations occur between licensing authorities. *The office may require the licensing authorities to resubmit regulations to the Office of Administrative Law, as it deems necessary.*

(2) Prescribing, adopting, and enforcing emergency regulations as necessary to implement this chapter. Emergency regulations prescribed, adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

(3) Issuing state licenses to persons for the cultivation, distribution, manufacture, transportation, and retail sale of medical cannabis *and medical cannabis products* within the state.

(4) ~~Setting application, licensing, Establishing procedures and associated fees for the application for issuance of and renewal fees for of state licenses issued pursuant to this chapter. licenses.~~

(5) Establishing standards for commercial cannabis activity.

(6) Establishing procedures for the ~~issuance, renewal,~~ suspension, denial, and revocation of state licenses.

(7) Imposing a penalty authorized by this chapter or ~~any~~ a rule or regulation adopted pursuant to this chapter.

(8) ~~Taking action with respect to~~ *Approval or denial of* an application for a state license in accordance with procedures established pursuant to this chapter.

(9) Overseeing the operation of the Medical Cannabis Regulation Fund, established pursuant to Section 19361.

(10) Consulting with other state or local agencies, departments, representatives of the medical cannabis community, or public or private entities for the purposes of establishing statewide standards and regulations.

(b) Protection of the public's health and safety shall be the highest priority for the office and the licensing authorities in exercising the licensing, regulatory, and disciplinary functions pursuant to this chapter. Whenever the protection of the public's health and safety is inconsistent with other interests sought to be promoted, the protection of the public's health and safety shall be paramount.

19306. (a) The office, by April 1, 2016, shall convene a task force, which shall advise the office on the development of standards pursuant to this chapter. The task force shall be responsible for recommending to the office the appropriate roles of each state entity as it pertains to this chapter, and shall recommend guidelines on communication and information sharing between state entities, and with local agencies, for implementation of this chapter. Notwithstanding Section 10231.5 of the Government Code, the task force shall submit a report on these standards, determinations, and guidelines for implementation of this chapter to the Legislature and state entities affected by this chapter by August 1, 2016. The report submitted to the Legislature shall be submitted in compliance with Section 9795 of the Government Code.

(b) The task force shall be comprised of ~~15~~ 21 members, each of whom shall be appointed to a two-year term, as follows:

(1) ~~Four~~ Five members to be appointed by the Governor, as follows:

(A) A member representing counties.

(B) A member representing cities.

(C) A member representing local law enforcement.

(D) A member representing state law enforcement.

(E) *A member representing medical cannabis distributors.*

(2) ~~Three~~ Five members to be appointed by the Speaker of the Assembly, as follows:

(A) A member representing labor.

(B) A member representing ~~the medical cannabis industry.~~ *product manufacturers.*

(C) A member with public health expertise.

(D) *A member with environmental expertise.*

1 (E) A member representing medical cannabis testing
2 laboratories.

3 (3) ~~Three~~ Five members to be appointed by the Senate
4 Committee on Rules, as follows:

5 (A) A member representing qualified medical cannabis patients
6 and caregivers.

7 ~~(B) A member with environmental expertise.~~

8 ~~(C)~~

9 (B) A member representing physicians. This member shall have
10 a minimum of two years experience recommending medical
11 cannabis to qualified patients.

12 (C) A member representing medical cannabis cultivators.

13 (D) A member representing medical cannabis dispensaries.

14 (E) A member representing an entity focused on the protection
15 of minors.

16 (4) The director or chief of each of the following state agencies,
17 or his or her designee:

18 (A) The Department of Food and Agriculture.

19 (B) State Department of Public Health.

20 (C) State Board of Equalization.

21 (D) Department of Justice.

22 (E) Department of the California Highway Patrol.

23 (F) *The California Environmental Protection Agency.*

24 (c) Task force members shall serve on a voluntary basis and
25 shall be responsible for costs associated with their participation in
26 the task force. The licensing authorities shall not be responsible
27 for travel costs incurred by task force members or otherwise
28 compensating task force members for costs associated with their
29 participation in the task force.

30 (d) Each member shall only have one vote in determinations of
31 the task force.

32 (e) *The office shall not be responsible for any costs associated*
33 *with the task force.*

34 19306.5. (a) The task force established in Section 19306 shall
35 work with representatives of medical cannabis patient groups and
36 physicians and shall, on or before July 1, 2016, establish best
37 practices and guidelines to ensure qualified patients have adequate
38 access to medical cannabis and medical cannabis products. These
39 best practices and guidelines shall be sent in a report to the
40 Legislature and to all local authorities that have implemented local

ordinances that ban exempt individuals of this chapter from engaging in cultivation or possession of medical cannabis or medical cannabis products within their jurisdictions.

(b) The report shall be submitted in compliance with Section 9795 of the Government Code.

(c) This section shall remain in effect only until January 1, 2017, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2017, deletes or extends that date.

Article 3. Enforcement and Local Control

19307. (a) Each licensing authority shall work in conjunction with local agencies for the purposes of implementing, administering, and enforcing this chapter, and any regulations adopted pursuant to this chapter and taking appropriate action against licensees and others who fail to comply with this chapter or the regulations adopted pursuant to this chapter.

(b) Peace officers, *as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code*, may, in enforcing this chapter, visit and inspect the premises of a licensee pursuant to subdivision (f) of Section 19326.

~~(c) Peace officers of the Department of the California Highway Patrol, members of the University of California and California State University police departments, and peace officers of the Department of Parks and Recreation, as defined in subdivisions (a), (b), (c), and (f) of Section 830.2 of the Penal Code, may, in enforcing this chapter, visit and inspect the premises of a licensee pursuant to subdivision (f) of Section 19326.~~

19308. (a) ~~By January 1, 2017, the office shall, in consultation with local governments, develop an enforcement framework that clarifies the enforcement roles of the state and local governments consistent with this chapter. Local agencies are authorized to may~~ enforce any state statutory or regulatory standard.

(b) A state agency is not required by this section to enforce a city, county, city and county, or local law, ordinance, rule, or regulation regarding the site or operation of a facility or transporter issued a state license.

19309. (a) For facilities issued a state license that are located within the incorporated area of a city, the city shall have full power and authority to enforce this chapter and the rules, regulations, and

1 ~~standards~~ *regulations* promulgated by the office *or any licensing*
2 *authority*. Notwithstanding Sections 101375, 101400, and 101405
3 of the Health and Safety Code or any contract entered into pursuant
4 thereto, or any other law, the city shall further assume complete
5 responsibility for any regulatory function relating to those licensees
6 within the city limits that would otherwise be performed by the
7 county or any county officer or employee, including a county
8 health officer, without liability, cost, or expense to the county.

9 (b) For licensed facilities located within the unincorporated area
10 of a county, the county shall have full power and authority to
11 enforce this chapter and the ~~rules, regulations, and standards~~
12 *regulations* promulgated by the office *or any licensing authority*.

13 (c) State agencies shall collaborate with local agencies to enforce
14 state standards and regulations to the extent that it is within the
15 scope of other statutory responsibilities of local agencies and to
16 the extent that resources for this enforcement are available and
17 appropriated by the local governing body to the local agencies.

18 (d) Pursuant to Section 7 of Article XI of the California
19 Constitution, a city, county, or city and county may adopt
20 ordinances that establish additional standards, requirements, and
21 regulations for local licenses and permits for commercial cannabis
22 activity. For all conflicts between the state and local standards,
23 requirements, and regulations regarding health and safety, testing,
24 security, and worker protections, the state shall preempt local
25 ordinances.

26 (e) Nothing in this chapter, or any regulations promulgated
27 thereunder, shall be deemed to limit the authority or remedies of
28 a city, county, or city and county under any provision of law,
29 including, but not limited to, Section 7 of Article XI of the
30 California Constitution.

31 19310. (a) The director of a licensing authority or a district
32 attorney, county counsel, city attorney, or city prosecutor may
33 bring an action in the name of the people of the State of California
34 to enjoin a violation or the threatened violation of any provision
35 of this chapter, including, but not limited to, a licensee's failure
36 to correct objectionable conditions following notice or as a result
37 of a rule promulgated pursuant to this chapter, and to assess and
38 recover civil penalties in accordance with this chapter. The action
39 shall be brought in the county in which the violation occurred or
40 is threatened to occur. A proceeding for injunctive relief brought

1 pursuant to this chapter shall conform to the requirements of
2 Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of
3 the Code of Civil Procedure.

4 (b) A state or local agency shall immediately notify the office
5 and the appropriate licensing authority of violations or arrests made
6 for violations over which the licensing authority has jurisdiction
7 that involve a licensee or licensed premises. Notice shall be given
8 within 10 days of the violation or arrest. The office or licensing
9 authority shall promptly investigate as to whether grounds exist
10 for suspension or revocation of the state license.

11 (c) This chapter shall not be construed to limit a state or local
12 agency's ability to investigate unlawful activity in relation to a
13 state license.

14 (d) Nothing in this chapter shall prevent a city or other local
15 governing body from taking action as specified in Section 19315
16 of this code or Section 11362.83 of the Health and Safety Code.

17 (e) The office shall establish *and oversee* procedures to provide
18 ~~any~~ relevant state and local agencies, including all licensing
19 authorities, upon their request, with 24-hour access to information
20 to verify a state license, track transportation manifests, and track
21 the inventories of facilities issued a state license. ~~This record shall~~
22 ~~allow~~ *These procedures shall include, but not be limited to, the*
23 *authorization of* state and local law enforcement, agencies, and
24 licensing entities to verify a state license and provide summary
25 information on licensees consisting of the name of the licensee,
26 the date the license was issued, the status of the license, and the
27 licensee's mailing address.

28 19312. (a) This chapter shall in no way supersede the
29 provisions of Measure D, approved by the voters of the City of
30 Los Angeles on the May 21, 2013, ballot for the city, which
31 provides potential limited immunity to medical cannabis businesses
32 as defined by Measure D consistent with the terms of the measure
33 and local ordinances. Notwithstanding the provisions of this part,
34 cannabis businesses within the City of Los Angeles shall continue
35 to be subject to Measure D and any and all other applicable
36 ordinances and regulations of the City of Los Angeles.

37 (b) It is the intent of the Legislature to recognize the unique
38 circumstances of the City of Los Angeles with respect to Measure
39 D and associated rules related to commercial cannabis activity. In
40 light of these unique circumstances, the provisions of Sections

1 ~~19319 and 19338~~ 19318.5 and 19337.1 shall apply in the City of
2 Los Angeles.

3 (c) The State Board of Equalization shall enter into a
4 memorandum of understanding with *the appropriate department*
5 *or departments of* the City of Los Angeles to establish protocols
6 for the following:

7 (1) ~~Tracking businesses granted immunity pursuant to Measure~~
8 ~~D, as approved by the voters of the City of Los Angeles at the May~~
9 ~~21, 2013, general election; entities with a business tax registration~~
10 ~~certificate of class L050, medical marijuana collective, or its~~
11 ~~successor classification.~~

12 (2) Tracking medical cannabis and medical cannabis products
13 to and from the City of Los Angeles.

14 (3) Allowing for the legal transfer of medical cannabis and
15 medical cannabis products from outside the jurisdiction of the City
16 of Los Angeles to within the city by licensees conducting
17 commercial cannabis activities outside of the city.

18 19313. (a) The actions of a licensee or provisional licensee,
19 its employees, and its agents, that are permitted pursuant to both
20 a state license or provisional license and a license or permit issued
21 by the local jurisdiction following the requirements of the
22 applicable local ordinances, and that are conducted in accordance
23 with the requirements of this chapter and regulations adopted
24 pursuant to this chapter, are not unlawful under state law and shall
25 not be an offense subject to arrest, prosecution, or other sanction
26 under state law or be subject to a civil fine or be a basis for seizure
27 or forfeiture of assets under state law.

28 (b) The actions of a person who, in good faith and upon
29 investigation, allows his or her property to be used by a licensee
30 or provisional licensee, its employees, and its agents, as permitted
31 pursuant to both a state license and a *local* license or permit ~~issued~~
32 ~~by the local jurisdiction~~ following the requirements of the
33 applicable local ordinances, are not unlawful under state law and
34 shall not be an offense subject to arrest, prosecution, or other
35 sanction under state law, or be subject to a civil fine or be a basis
36 for seizure or forfeiture of assets under state law.

37 (c) Conduct that is within the scope of a license issued pursuant
38 to this chapter and permitted by local ordinance but not fully in
39 compliance with this chapter shall be subject to the enforcement
40 provisions of this chapter and shall not be subject to the penal

1 provisions of state law generally prohibiting cannabis-related
2 activity, unless and until the license is revoked.

3 ~~(d) This section shall not be deemed to limit the authority or~~
4 ~~remedies of a city, county, or city and county under any provision~~
5 ~~of law, including, without limitation, Section 7 of Article XI of~~
6 ~~the California Constitution.~~

7 19314. (a) A person engaging in commercial cannabis activity
8 without a license required by this chapter shall be subject to civil
9 penalties of up to twice the amount of the license fee for each
10 violation, and the office, licensing authority, or court may order
11 the destruction of medical cannabis associated with that violation.
12 Each day of operation shall constitute a separate violation of this
13 section. All civil penalties imposed and collected pursuant to this
14 section shall be deposited into the Medical Cannabis Fines and
15 Penalties Account established pursuant to Section 19361. A day
16 of operation is defined to mean any period of time within a 24-hour
17 period. This section shall not apply to unlicensed facilities in the
18 City of Los Angeles.

19 (b) If an action for civil penalties is brought *against a licensee*
20 *pursuant to this chapter* by the Attorney General, the penalty
21 collected shall be deposited into the General Fund. If the action is
22 brought by a district attorney or county counsel, the penalty
23 collected shall be paid to the treasurer of the county in which the
24 judgment was entered. If the action is brought by a city attorney
25 or city prosecutor, the penalty collected shall be paid to the
26 treasurer of the city *or city and county* in which the judgment was
27 entered. *If the action is brought by a city attorney and is*
28 *adjudicated in a superior court located in the unincorporated area*
29 *or another city in the same county, the penalty shall be paid*
30 *one-half to the treasurer of the city in which the complaining*
31 *attorney has jurisdiction and one-half to the treasurer of the county*
32 *in which the judgment is entered.*

33 (c) Notwithstanding subdivision (a), criminal penalties shall
34 continue to apply to an unlicensed person or entity engaging in
35 commercial cannabis activity in violation of this chapter, including,
36 but not limited to, those individuals covered under Section 11362.7
37 of the Health and Safety Code.

38 19315. (a) To the extent that this chapter does not interfere
39 with or violate Section 11362.5 of the Health and Safety Code,
40 this chapter does not, nor do Article 2 (commencing with Section

1 11357) and Article 2.5 (commencing with Section 11362.7) of
2 Chapter 6 of Division 10 of the Health and Safety Code, prevent
3 a city, county, or city and county from doing any of the following:

4 (1) Adopting local ordinances, whether consistent or inconsistent
5 with this chapter, that do the following:

6 (A) Regulate the location, operation, or establishment of a
7 licensee or a person that cultivates, processes, possesses, stores,
8 manufactures, tests, transports, distributes, or sells medical
9 cannabis *or medical cannabis products*.

10 (B) Prohibit commercial cannabis activity within their
11 jurisdiction.

12 (2) Providing for the administrative, civil, or criminal
13 enforcement of the ordinances described in paragraph (1).

14 (3) Establishing a fee for the operation within its jurisdiction of
15 any of the following:

16 (A) A licensee.

17 (B) Another person that cultivates, processes, possesses, stores,
18 manufactures, tests, transports, distributes, or sells medical
19 cannabis or medical cannabis products.

20 (C) A person exempt from licensure pursuant to this chapter.

21 (4) Enacting and enforcing other laws or ordinances pursuant
22 to the authority granted by Section 7 of Article XI of the California
23 Constitution.

24 (b) To the extent that this chapter does not interfere with or
25 violate Section 11362.5 of the Health and Safety Code, nothing in
26 this chapter or in Article 2 (commencing with Section 11357) or
27 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of
28 Division 10 of the Health and Safety Code, shall prevent a city,
29 county, or city and county from adopting or enforcing a zoning
30 ordinance or other law, ordinance, or regulation that bans or
31 regulates the location, operation, or establishment of a licensee or
32 other person that engages in commercial cannabis activity.

33
34 Article 4. Licensure
35

36 19316. (a) This chapter shall not apply to, and shall have no
37 diminishing effect on the protections granted to, a patient or a
38 primary caregiver pursuant to the Compassionate Use Act of 1996.

39 (b) (1) A qualified patient who cultivates, possesses, stores,
40 manufactures, or transports cannabis exclusively for his or her

1 personal medical use but who does not provide, donate, sell, or
2 distribute cannabis to any other person is not, thereby, engaged in
3 commercial cannabis activity and is, therefore, exempt from the
4 licensure requirements of this chapter.

5 (2) A primary caregiver who cultivates, possesses, stores,
6 manufactures, transports, donates, or provides cannabis exclusively
7 for the personal medical purposes of no more than five specified
8 qualified patients for whom he or she is the primary caregiver
9 within the meaning of Section 11362.7 of the Health and Safety
10 Code but who does not receive remuneration for these activities
11 except for compensation in full compliance with subdivision (c)
12 of Section 11362.765 of the Health and Safety Code is not engaged
13 in commercial cannabis activity and is, therefore, exempt from the
14 licensure requirements of this chapter.

15 (c) To the extent that this chapter does not interfere with or
16 violate Section 11362.5 of the Health and Safety Code, exemption
17 from the license requirements of this chapter shall not limit or
18 prevent a city, county, or city and county from regulating or
19 banning the cultivation, storage, manufacture, transport, provision,
20 or other activity by the exempt person, or impair the enforcement
21 of that regulation or ban.

22 19317. To the extent that this chapter does not interfere with
23 or violate Section 11362.5 of the Health and Safety Code, the state
24 shall have the right and authority to conduct state licensure
25 activities and to regulate commercial cannabis activity pursuant
26 to this chapter. Local governments have the right and authority to
27 regulate commercial cannabis activity within their jurisdiction,
28 including granting or refusing to grant permits pursuant to local
29 ordinances. In the exercise of these rights and powers, the state
30 and each of its agencies, and all local agencies, are hereby deemed
31 not to be engaged in activities requiring licensure under this
32 chapter.

33 19318. (a) Licensing authorities may issue state licenses only
34 to qualified applicants engaging in commercial cannabis activity
35 pursuant to this chapter. Except as specified in Section 19318.5,
36 ~~beginning January 1, 2018, upon the date of implementation of~~
37 ~~regulations by the licensing authorities,~~ no person shall engage in
38 commercial cannabis activity without possessing both a state
39 license and a local permit, license, or other authorization. For
40 purposes of this section, “state license” includes a provisional

1 license issued pursuant to Article 6 (commencing with Section
2 19330).

3 (b) Local permits shall be determined by local ordinances.
4 Licensing authorities issuing state licenses shall have sole authority
5 to revoke a state license. Local agencies issuing local permits shall
6 have sole authority to revoke a local permit.

7 (c) Each applicant for a state license shall provide notice to
8 every affected local jurisdiction at the same time the state
9 application is filed. The office shall confirm with the applicant a
10 list of ~~each~~ affected local jurisdictions, including those jurisdictions
11 affected by potential deliveries by the applicant.

12 (d) The issuance of a state license shall not, in and of itself,
13 authorize the recipient to begin business operations. The state
14 license shall certify, at a minimum, that the applicant has paid the
15 state licensing fee, successfully passed a criminal background
16 check, and met state residency requirements.

17 (e) Even if a state license has been granted pursuant to this
18 chapter, a facility shall not operate in a local jurisdiction that
19 prohibits the establishment of that type of business. A facility shall
20 not commence activity under the authority of a state license until
21 the applicant has obtained, in addition to the state license, a license
22 or permit from the local jurisdiction in which he or she proposes
23 to operate, following the requirements of the applicable local
24 ordinances.

25 (f) If a local government agency notifies the office or a licensing
26 authority and provides evidence that a licensee or applicant within
27 its jurisdiction is in violation of local ordinances relating to
28 commercial cannabis activities, the licensing authority shall
29 schedule a hearing *within 20 days, pursuant to Section 19323*, to
30 determine whether the evidence is sufficient to constitute grounds
31 for the revocation of the ~~license within 20 working days pursuant~~
32 ~~to Section 19323~~ license.

33 (g) Revocation of a state license or local license or permit shall
34 terminate the ability of a medical cannabis business to operate
35 within California until the licensing authority or local jurisdiction
36 reinstates or reissues the state license or local license or permit.

37 19318.5. (a) A licensing authority shall not issue a *state* license
38 to an applicant who proposes to operate within the City of Los
39 Angeles, regardless of the activity for which the license is sought.

(b) A medical cannabis business, as defined by Measure D, within the City of Los Angeles shall comply with all standards and regulations applicable to the commercial cannabis activity or activities engaged in by that medical cannabis business with respect to all of the following:

(1) Standards, *to be defined by the Division of Medical Cannabis Manufacturing and Testing*, for the production, labeling, and manufacture of medical cannabis and medical cannabis products, in accordance with Article 7 (commencing with Section 19332) and Article 10 (commencing with Section 19342).

(2) Standards regarding the application of pesticides, in accordance with Article 7 (commencing with Section 19332).

(3) Regulations to be promulgated by the State Board of Equalization, in accordance with Article 8 (commencing with Section 19334), governing dispensing facilities and transporters to the extent that those regulations relate to health and safety standards, environmental standards, worker protections, or security requirements.

(4) Security measures regarding transported medical-cannabis, *cannabis or medical cannabis products*, in accordance with Section 19337.

(5) Standards to be promulgated by the Division of Medical Cannabis Manufacturing and Testing regarding health and safety, in accordance with Article 10 (commencing with Section 19342).

(c) The City of Los Angeles shall have the full power, authority, and discretion to enforce all standards and regulations required by this section.

19319. (a) A licensing authority shall promulgate regulations for implementation ~~and~~ *of its respective responsibilities in the* enforcement of this chapter, including, but not limited to, all of the following:

(1) A description of the various specific forms of commercial cannabis activity to be authorized by the various types of licenses.

(2) Procedures for the issuance, renewal, suspension, denial, and revocation of a state license *and establishing related fines and penalties to be assessed against licensees for violation of this chapter*.

(3) Procedures for appeal of fines and the appeal of denial, suspension, or revocation of a state license.

1 (4) Application, licensing, and renewal forms and fees. All fees
2 shall be established on a scaled basis, depending on the size or tier
3 of the license.

4 (5) Time periods, not to exceed 90 days, by which the licensing
5 authority shall approve or deny an application for a state license.
6 The failure of the licensing authority to act upon an application
7 for licensure within the time prescribed shall not be deemed
8 approval of the application.

9 (6) Qualifications for licensees.

10 (7) Security requirements, including, but not limited to,
11 procedures for limiting access to facilities *to prevent diversion of*
12 *product to nonmedical use*, and for the screening of employees.
13 All screening processes shall adhere to guidance and best practices
14 established by the United States Equal Employment Opportunity
15 Commission, including, but not limited to, those on hiring practices
16 relating to the consideration of arrest and conviction records in
17 employment decisions under Title VII of the Civil Rights Act of
18 1964. *Employers shall not ask applicants about arrests or*
19 *convictions on job applications and, if and when employers make*
20 *those inquiries, the inquiries shall be limited to convictions for*
21 *which exclusion would be job related for the position in question*
22 *and consistent with business necessity or for the purposes of*
23 *compliance with the federal Commercial Motor Vehicle Safety Act*
24 *of 1986 (49 U.S.C. 2701 et seq.).*

25 (8) Requirements to ensure that all licensees and ~~certified~~
26 *licensed* testing laboratories conform with applicable standards
27 equivalent to state statutory environmental, agricultural, consumer
28 protection, and food and product safety requirements. These
29 standards shall be in addition, and not limited, to any other state
30 and local requirements.

31 (9) Develop procedures to ensure each licensee holds and
32 maintains a seller's permit required pursuant to Part 1 (commencing
33 with Section 6001) of Division 2 of the Revenue and Taxation
34 Code.

35 (10) *Establish procedures and protocols for identifying,*
36 *managing, and disposing of contaminated, adulterated,*
37 *deteriorated, or excess product.*

38 (11) *Establish advertising, marketing, signage, and labeling*
39 *requirements and restrictions.*

1 (12) *Establish procedures for the suspension, revocation, or*
2 *surrender of a state license.*

3 ~~(b) Each state license application approved by the respective~~
4 ~~licensing authority pursuant to this chapter is separate and distinct.~~

5 ~~(e)~~

6 (b) A state license application approved by a licensing authority
7 pursuant to this chapter shall be valid for a period not to exceed
8 one year from the date of approval unless revoked or suspended
9 earlier than that date pursuant to this chapter or the rules or
10 regulations adopted pursuant to this chapter.

11 ~~(d)~~

12 (c) Each licensing authority may adopt regulations for additional
13 licenses for *commercial* cannabis activity within its statutory
14 jurisdiction pursuant to this chapter, as deemed necessary.

15 ~~(e)~~

16 (d) Each state license application approved by a licensing
17 authority shall be reported to the office within 24 hours of its
18 approval.

19 ~~(f)~~

20 (e) A licensing authority shall not issue a state license unless
21 the applicant has met all of the requirements of this chapter.

22 ~~(g) The regulations shall not limit the authority of a city, county,~~
23 ~~or city and county pursuant to Section 7 of Article XI of the~~
24 ~~California Constitution or any other law. The regulations shall do~~
25 ~~all of the following:~~

26 ~~(1) Establish procedures for approval, renewal, or denial of~~
27 ~~applications for state licensure for each and every aspect of~~
28 ~~commercial cannabis activity, including, but not limited to,~~
29 ~~cultivation, possession, manufacture, processing, storing, laboratory~~
30 ~~testing, labeling, transporting, distribution, and sale of cannabis.~~

31 ~~(2) Establish applicant qualifications.~~

32 ~~(3) Establish state licensee employee qualifications, including,~~
33 ~~but not limited to, training and screening requirements. All~~
34 ~~screening processes shall adhere to guidance and best practices~~
35 ~~established by the United States Equal Employment Opportunity~~
36 ~~Commission, including, but not limited to, those relating to hiring~~
37 ~~practices on the consideration of arrest and conviction records in~~
38 ~~employment decisions under Title VII of the Civil Rights Act of~~
39 ~~1964.~~

1 ~~(4) Establish state licensee security requirements, including,~~
2 ~~but not limited to, procedures to limit access to facilities and to~~
3 ~~prevent diversion of product to nonmedical use.~~

4 ~~(5) Establish procedures and protocols for identifying, managing,~~
5 ~~and disposing of contaminated, adulterated, deteriorated, or excess~~
6 ~~product.~~

7 ~~(6) Establish advertising, marketing, signage, and labeling~~
8 ~~requirements and restrictions.~~

9 ~~(7) Establish procedures for the suspension, revocation, or~~
10 ~~surrender of a state license, and establishing related fines and~~
11 ~~penalties to be assessed against licensees for violations of this~~
12 ~~chapter.~~

13 19320. (a) An applicant for a state license shall do all of the
14 following:

15 (1) Pay the fee or fees required by this chapter for each state
16 license for which an application is submitted.

17 (2) Register with the licensing authority on forms prescribed
18 by the licensing authority. The forms shall contain sufficient
19 information to identify the licensee, including all of the following:

20 (A) Name of the owner or owners of a proposed facility,
21 including all persons or entities having an ownership interest other
22 than a security interest, lien, or encumbrance on property that will
23 be used by the applicant.

24 (B) The name, address, and date of birth of each principal officer
25 and board member.

26 (C) The address and telephone number of the proposed facility.

27 (3) Provide a description, in writing, of the scope of business
28 of the proposed facility.

29 (4) Provide evidence that the applicant and owner have been
30 legal full-time residents of the state for not less than three years.
31 For purposes of this paragraph, “applicant” means the owner or
32 owners of a proposed facility, including all persons or entities
33 having an ownership interest other than a security interest, lien,
34 or encumbrance on property that will be used by the facility.

35 (5) Provide detailed operating procedures, in writing, for the
36 proposed facility, which shall include, but not be limited to,
37 procedures for facility and operational security, prevention of
38 diversion, employee screening, storage of medical-cannabis,
39 *cannabis and medical cannabis products*, personnel policies, and
40 recordkeeping procedures. All screening processes shall adhere to

1 guidance and best practices established by the United States Equal
2 Employment Opportunity Commission, including, but not limited
3 to, those relating to hiring practices on the consideration of arrest
4 and conviction records in employment decisions under Title VII
5 of the Civil Rights Act of 1964.

6 (6) Submit the applicant's fingerprint images as follows:

7 (A) For purposes of this paragraph, "applicant" means the owner
8 or owners of a proposed facility, including all persons or entities
9 having an ownership interest other than a security interest, lien,
10 or encumbrance on property that will be used by the facility. If the
11 owner is an entity, fingerprints shall be submitted for each person
12 participating in the direction, control, or management of, or having
13 a financial interest in, the proposed facility.

14 (B) The applicant shall electronically submit to the Department
15 of Justice fingerprint images and related information required by
16 the Department of Justice for the purpose of obtaining information
17 as to the existence and content of a record of state or federal
18 convictions and arrests, and information as to the existence and
19 content of a record of state or federal convictions and arrests for
20 which the Department of Justice establishes that the person is free
21 on bail or on his or her own recognizance, pending trial or appeal.

22 (C) The Department of Justice shall provide a response to the
23 licensing authority pursuant to paragraph (1) of subdivision (p) of
24 Section 11105 of the Penal Code.

25 (D) The licensing authority shall request from the Department
26 of Justice subsequent notification service, as provided pursuant to
27 Section 11105.2 of the Penal Code, for applicants.

28 (E) The Department of Justice shall charge the applicant a fee
29 sufficient to cover the reasonable cost of processing the requests
30 described in this paragraph.

31 (7) Provide documentation issued by the local jurisdiction in
32 which the proposed business is operating or will operate certifying
33 that the applicant is or will be in compliance with all local
34 ordinances and regulations.

35 (8) Provide evidence of the legal right to occupy and use an
36 established location.

37 (9) If the proposed facility is a cultivator or a dispensary, provide
38 evidence that the proposed facility is located beyond at least a 600
39 foot radius from a school, as required by Section 11362.768 of the
40 Health and Safety Code.

1 (10) Provide a statement, signed by the applicant under penalty
2 of perjury, that the information provided is ~~true~~: *complete, true,*
3 *and accurate.*

4 (11) (A) For an applicant with 20 or more employees, provide
5 a statement that the applicant will enter into, or demonstrate that
6 it has already entered into, and abide by the terms of a labor peace
7 agreement.

8 (B) For the purposes of this paragraph, “employee” does not
9 include a supervisor.

10 (C) For purposes of this paragraph, “supervisor” means an
11 individual having authority, in the interest of the licensee, to hire,
12 transfer, suspend, lay off, recall, promote, discharge, assign,
13 reward, or discipline other employees, or responsibility to direct
14 them or to adjust their grievances, or effectively to recommend
15 such action, if, in connection with the foregoing, the exercise of
16 that authority is not of a merely routine or clerical nature, but
17 requires the use of independent judgment.

18 (D) Provide the applicant’s seller’s permit number issued
19 pursuant to Part 1 (commencing with Section 6001) of Division 2
20 of the Revenue and Taxation Code, or indicate that the applicant
21 is currently applying for a seller’s permit.

22 (12) Provide any other information required by the licensing
23 authority.

24 (13) For an applicant seeking a cultivation license, provide a
25 statement declaring the applicant is an “agricultural employer,” as
26 defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural
27 Labor Relations Act of 1975 (Part 3.5 (commencing with Section
28 1140) of Division 2 of the Labor Code), to the extent not prohibited
29 by law.

30 (14) For an applicant seeking a cultivator, distributor, or
31 dispensary license, provide a notarized statement from the owner
32 of real property or their agent where the cultivation, distribution,
33 manufacturing, or dispensing commercial medical cannabis
34 activities will occur, as proof to demonstrate the landowner has
35 acknowledged and consented to permit cultivation, distribution,
36 or dispensary activities to be conducted on the property by the
37 tenant applicant.

38 (15) *For an applicant seeking licensure as a testing laboratory,*
39 *register with the State Department of Public Health by submitting*
40 *all of the following:*

1 (A) A completed independent laboratory registration form, as
2 established by the State Department of Public Health.

3 (B) A copy of the certificate of accreditation accompanied by
4 the scope of accreditation.

5 (C) The name, address, date of birth, and social security number
6 of each licensed testing laboratory employee and a copy of the
7 application form completed by each licensed testing laboratory
8 employee.

9 (b) Each location and each discrete use of a single location shall
10 require a separate state license. Each application for a state license
11 is separate and distinct, and the licensing authority may charge a
12 separate fee for each.

13 (c) For applicants seeking a state license to cultivate, distribute,
14 or manufacture, the application shall also include a detailed
15 description of the operating procedures for all of the following, as
16 applicable:

17 (1) Cultivation.

18 (2) Extraction and infusion methods.

19 (3) The transportation process.

20 (4) Inventory procedures.

21 (5) Quality control procedures.

22 19321. (a) Upon receipt of an application for licensure and
23 the applicable fee, each licensing authority shall make a thorough
24 investigation to determine whether the applicant and the premises
25 for which a state license is applied qualify for the state license and
26 whether this chapter has been complied with, and shall investigate
27 all *relevant* matters ~~connected therewith~~ that may affect the public
28 welfare and morals.

29 (b) A licensing authority shall deny an application if either the
30 applicant or the premises for which a state license is applied do
31 not qualify for licensure under this chapter.

32 (c) A licensing authority may place reasonable conditions upon
33 licensure if grounds exist for denial of the state license, and the
34 licensing authority finds those grounds may be removed by the
35 imposition of those conditions. However, the limitations set forth
36 in paragraphs (6), (15), and (18) of subdivision (d) shall not be
37 waived.

38 (d) ~~Each~~ A licensing authority shall deny the application for
39 licensure or renewal, or suspend or revoke a state license, if any
40 of the following conditions apply:

1 (1) An entity making or authorizing in any manner or by any
2 means a written or oral statement that is untrue or misleading and
3 that is known, or that by exercise of reasonable care should be
4 known, to be untrue or misleading.

5 ~~(2) Conduct that constitutes fraud.~~

6 ~~(3) Conduct constituting gross negligence.~~

7 (2) *Conduct involving dishonesty, fraud, deceit, or gross*
8 *negligence with the intent to substantially benefit himself, herself,*
9 *or another, or to substantially injure another.*

10 ~~(4)~~

11 (3) Failure to comply with the provisions of this chapter or any
12 rule or regulation adopted pursuant to this chapter.

13 ~~(5)~~

14 (4) Conduct that constitutes grounds for denial of licensure
15 pursuant to Chapter 2 (commencing with Section 480) of Division
16 1.5.

17 ~~(6)~~

18 (5) Local agencies have notified the licensing authority or the
19 office and provided evidence that a licensee or applicant within
20 its jurisdiction is in violation of local ordinances relating to ~~medical~~
21 *commercial* cannabis activities.

22 ~~(7)~~

23 (6) The applicant fails to meet the requirements of this chapter
24 or any regulation adopted pursuant to this chapter or any applicable
25 city, county, or city and county ordinance or regulation. If a local
26 government adopts an ordinance or resolution authorizing medical
27 cannabis to be cultivated, manufactured, stored, distributed, or
28 sold within its jurisdiction, it may submit to the office
29 documentation detailing their renewal requirements. Failure to
30 submit an ordinance or resolution to the office shall not impair the
31 enforceability of the ordinance or resolution. Ordinances or
32 resolutions that are not submitted pursuant to this subdivision shall
33 not be considered in denial of licensure pursuant to this chapter.

34 ~~(8)~~

35 (7) Granting or continuation of a state license would be contrary
36 to the public's safety.

37 ~~(9)~~

38 (8) The applicant holding or seeking a state license has been
39 convicted of a misdemeanor involving moral turpitude, excluding

1 misdemeanors involving ~~marijuana~~ *possession of a controlled*
2 *substance*.

3 ~~(10)~~

4 (9) The application has failed to state with sufficient specificity
5 the jurisdiction and location at which the applicant proposes to
6 establish operations.

7 ~~(11)~~

8 (10) The applicant, or any of its officers, directors, or owners,
9 is under 21 years of age.

10 ~~(12)~~

11 (11) The applicant fails to provide notarized written proof that
12 the owner of real property or landlord has acknowledged and
13 consented to its tenant's proposed cultivation or dispensing of
14 medical cannabis or medical cannabis products.

15 ~~(13)~~

16 (12) The applicant has failed to provide information requested.

17 ~~(14) The applicant, or any of its officers, directors, or owners,~~
18 ~~has been convicted of a felony criminal conviction for the~~
19 ~~possession for sale, sale, manufacture, transportation, or cultivation~~
20 ~~of a controlled substance, including a narcotic drug classified in~~
21 ~~Schedule II, III, IV, or V, but excluding marijuana, for drug~~
22 ~~trafficking involving a minor, felonies subject to enhancements~~
23 ~~Section 11370.4 or 11379.8 of the Health and Safety Code, a~~
24 ~~violent felony, as specified in subdivision (c) of Section 667.5 of~~
25 ~~the Penal Code, a serious felony as specified in subdivision (c) of~~
26 ~~Section 1192.7 of the Penal Code, a felony offense involving fraud~~
27 ~~or deceit, or any other felony that, in the licensing authority's~~
28 ~~determination, would impair the applicant's ability to appropriately~~
29 ~~operate as a state licensee. The licensing authority may, at its~~
30 ~~discretion, issue a state license to an applicant that has obtained a~~
31 ~~certificate of rehabilitation pursuant to Section 4852.13 of the~~
32 ~~Penal Code. It is the intent of the Legislature to further determine~~
33 ~~the suitability of applicants for licensure with prior felonies specific~~
34 ~~to cannabis.~~

35 (13) *Unless otherwise provided by this paragraph, the applicant*
36 *or any of its officers, directors, or owners, has been convicted of*
37 *a crime or act that is substantially related to the qualifications,*
38 *functions, or duties of the business or profession for which the*
39 *application is made. For purposes of this section, a conviction*
40 *means a plea or verdict of guilty or a conviction following a plea*

1 *of nolo contendere. An action that a licensing authority is permitted*
2 *to take following the establishment of a conviction, including, but*
3 *not limited to, the issuance, renewal, suspension, and revocation*
4 *of a license for commercial cannabis activity pursuant to this*
5 *chapter, shall be held in abeyance until after the time for appeal*
6 *has elapsed, or the judgment of conviction has been affirmed on*
7 *appeal. Action may be taken when an order granting probation is*
8 *made suspending the imposition of sentence, irrespective of a*
9 *subsequent order under the provisions of Section 1203.4, 1203.4a,*
10 *or 1203.41 of the Penal Code.*

11 (A) *An applicant shall not be denied a state license if the denial*
12 *is solely based on any of the following:*

13 (i) *The applicant has been convicted of transporting a controlled*
14 *substance pursuant to Section 11352 or 11379 of the Health and*
15 *Safety Code prior to January 1, 2014, and the facts underlying the*
16 *conviction establish that the applicant did not transport the*
17 *controlled substance with the intent to sell or the intent to aid and*
18 *abet the commission of, or conspiracy to commit, a crime of*
19 *transportation of the controlled substance.*

20 (ii) *The applicant has been convicted of a felony that would not*
21 *be subject to criminal prosecution pursuant to Section 11362.5 or*
22 *11362.775 of the Health and Safety Code.*

23 (iii) *The applicant had a conviction that was subsequently*
24 *dismissed under the provisions of Section 1203.4, 1203.4a, or*
25 *1203.41 of the Penal Code.*

26 (B) *An applicant shall not be denied a state license under either*
27 *of the following conditions:*

28 (i) *The applicant has obtained a certificate of rehabilitation*
29 *pursuant to Chapter 3.5 (commencing with Section 4852.01) of*
30 *Title 6 of Part 3 of the Penal Code, for a crime or act that is*
31 *substantially related to the qualifications, functions, or duties of*
32 *the business or profession for which the application is made.*

33 (ii) *The applicant has been convicted of a misdemeanor, and*
34 *he or she has met all of the applicable requirements of the criteria*
35 *for rehabilitation developed by the licensing authority to evaluate*
36 *the rehabilitation of a person when considering the denial of*
37 *license.*

38 (C) *If the applicant has been convicted for a crime or act that*
39 *is substantially related to the qualifications, functions, or duties*
40 *of the business or profession for which the application is made,*

1 *the licensing authority shall conduct a thorough investigation of*
2 *the nature of the crime, conviction, circumstances, and evidence*
3 *of rehabilitation of the applicant, and evaluate the suitability of*
4 *the applicant to be issued a state license based on the evidence*
5 *found through the investigation. In the evaluation, public protection*
6 *shall take priority over rehabilitation and, where evidence of*
7 *rehabilitation and public protection are in conflict, public*
8 *protection shall take precedence.*

9 ~~(15)~~

10 (14) The applicant, or any of its officers, directors, or owners,
11 is a licensed physician making patient recommendations for
12 medical cannabis.

13 (15) *The applicant or any of its officers, directors, or owners*
14 *has been subject to fines or penalties for cultivation or production*
15 *of a controlled substance on public or private lands pursuant to*
16 *Section 12025 of the Fish and Game Code.*

17 ~~(16)~~

18 (16) The applicant, or any of its officers, directors, or owners,
19 has been sanctioned by a licensing authority, the office, or a city,
20 county, or a city and county for unlicensed commercial-medical
21 cannabis activities or has had a license revoked under this chapter
22 in the previous three years.

23 ~~(17) The applicant, or any of its officers, directors, or owners,~~
24 ~~has been subject to fines or penalty for cultivation or production~~
25 ~~of a controlled substance on public or private lands pursuant to~~
26 ~~Section 12025 of the Fish and Game Code.~~

27 ~~(18)~~

28 (17) The proposed commercial-medical cannabis activity will
29 violate any applicable local law or ordinance.

30 ~~(19)~~

31 (18) The applicant has had 20 employees or more in the past
32 year and failed to enter into a labor peace agreement.

33 ~~(20)~~

34 (19) The applicant or the owner is unable to establish that he
35 or she has been a resident of the state for not less than three years.

36 ~~(21)~~

37 (20) Failure to obtain and maintain a valid seller's permit
38 ~~requires~~ *required* pursuant to Part 1 (commencing with Section
39 6001) of the Revenue and Taxation Code.

1 (21) *There are pending state or local administrative actions,*
2 *judicial proceedings, or other actions initiated against the*
3 *applicant, by a city, county, or city and county under an applicable*
4 *local ordinance, or who has been determined through those*
5 *proceedings to have violated a local ordinance related to*
6 *commercial cannabis activity, or that knowingly provides false or*
7 *fraudulent information on an application for licensure.*

8 (e) Applicants shall be notified of a denied application in writing
9 via personal service or mail addressed to the address of the
10 applicant or licensee set forth in the application. The denial letter
11 shall contain the detailed reasons for which the application was
12 denied. The applicant shall have the right to appeal the denial and
13 be given a hearing within 30 days of the appeal. On appeal, the
14 decision shall be upheld unless the applicant demonstrates that the
15 applicant is in fact eligible for licensure and the application is in
16 compliance with this chapter.

17 19322. (a) A licensing authority may refuse to issue, reinstate,
18 or renew a state license, or may suspend a state license for failure
19 of a licensee to resolve all outstanding final liabilities, including,
20 but not limited to, taxes, additions to tax, penalties, interest, and
21 fees that have been assessed by the State Board of Equalization.

22 (1) Until the final liabilities covered by this section are satisfied,
23 a person named on a state license that has been suspended pursuant
24 to this section shall be prohibited from serving in any capacity that
25 is subject to licensure pursuant to this chapter, but may act as a
26 nonsupervising employee.

27 (2) All state licenses issued with the same personnel of record
28 that have been assessed an outstanding liability covered by this
29 section shall be suspended until the debt has been satisfied or until
30 the indebted personnel of record disassociate themselves from the
31 licensee.

32 (b) The refusal to issue a state license or the suspension of a
33 state license as provided by this section shall occur only if the
34 licensing authority has mailed a notice, prior to the refusal or
35 suspension, that indicates that the state license will be refused or
36 suspended by a date certain. This preliminary notice shall be mailed
37 to the licensee at least 60 days before the date certain.

38 (c) This section shall not apply to any outstanding final liability
39 if the licensee has entered into an installment payment agreement

1 for that liability with the State Board of Equalization and is in
2 compliance with the terms of that agreement.

3 19323. (a) Provided the applicant has not committed an act or
4 crime constituting grounds for the denial of licensure under Section
5 19321, a licensing authority may issue a state license and send a
6 proof of issuance to the applicant.

7 (b) A licensing authority shall, by regulation, prescribe
8 conditions upon which a person whose state license has previously
9 been denied, suspended, or revoked, may be issued a state license.

10 19324. The office may adopt regulations to limit the number
11 of state licenses issued pursuant to this chapter upon a finding that
12 the otherwise unrestricted issuance of state licenses is dangerous
13 to the public's health and safety.

14 15 Article 5. Regulation of Medical Cannabis

16
17 19325. (a) Except as provided in Section 11362.5 of the Health
18 and Safety Code and Section 19316, a person shall not sell,
19 distribute, provide, or donate medical cannabis or medical cannabis
20 products to a patient or caregiver other than at a licensed dispensing
21 facility or through delivery from a licensed dispensing facility.

22 (b) Except as provided in Section 11362.5 of, and Article 2.5
23 (commencing with Section 11362.7) of Chapter 6 of Division 10
24 of, the Health and Safety Code and Section 19316, a person shall
25 not cultivate medical cannabis other than at a licensed cultivation
26 site.

27 (c) Except as provided in Section 11362.5 of, and Article 2.5
28 (commencing with Section 11362.7) of Chapter 6 of Division 10
29 of, the Health and Safety Code and Section 19316, a person other
30 than a licensed manufacturer shall not manufacture ~~or process~~
31 ~~medical cannabis or medical cannabis products.~~

32 (d) A person other than a licensed transporter shall not transport
33 medical cannabis *or medical cannabis products* from one facility
34 issued a state license to another, unless otherwise specified in this
35 chapter.

36 (e) All licensees holding cultivation or manufacturing licenses
37 shall send all medical cannabis and medical cannabis products
38 cultivated or manufactured to a ~~licensed processor for processing~~
39 ~~and testing prior to retail or sale of medical cannabis or medical~~
40 ~~cannabis products or to a dispensary, qualified patient, or caregiver,~~

1 ~~according to the allowances by their license. Type 11 licensee for~~
2 ~~quality assurance and inspection by the Type 11 licensee and for~~
3 ~~a batch testing by a Type 8 licensee prior to distribution to a~~
4 ~~dispensary. Those licensees holding a Type 10A license in addition~~
5 ~~to a cultivation license or a manufacturing license shall send all~~
6 ~~medical cannabis and medical cannabis products to a licensed~~
7 ~~processor Type 11 licensee for presale inspection and for a batch~~
8 ~~testing by a Type 8 licensee prior to dispensing any product.~~
9 ~~Medical cannabis and medical cannabis products shall not be~~
10 ~~returned to a cultivation or manufacturing licensee unless that~~
11 ~~licensee is also a licensed dispensary. The licensing authority shall~~
12 ~~fine a licensee who violates this subdivision in an amount~~
13 ~~determined by the licensing authority to be reasonable.~~

14 (f) (1) Upon receipt of medical cannabis or medical cannabis
15 products by a holder of a cultivation or manufacturing license, the
16 Type 11 licensee shall first inspect the product to ensure the
17 identity and quantity of the product and then ~~send~~ *ensure a random*
18 *sample of the medical cannabis or medical cannabis product to be*
19 *is tested by a Type 8 licensee prior to distributing the batch of*
20 *medical cannabis or medical cannabis products.*

21 (2) ~~Upon certification issuance of a certificate of analysis by~~
22 ~~the Type 8 licensee that the product is fit for manufacturing or~~
23 ~~retail, all medical cannabis and medical cannabis products shall~~
24 ~~be processed by a certified processor prior to retail or dispensing~~
25 ~~to undergo a quality assurance review by the Type 11 licensee~~
26 ~~prior to distribution to ensure the quantity and content of the~~
27 ~~medical cannabis or medical cannabis product, and for tracking~~
28 ~~and taxation purposes by the state. Licensed processors cultivators~~
29 ~~and manufacturers shall package or seal all medical cannabis and~~
30 ~~medical cannabis products in tamper-evident packaging and use~~
31 ~~a unique identifier, such as a batch and lot number or bar code, to~~
32 ~~identify and track the medical cannabis or medical cannabis~~
33 ~~products. Medical cannabis and medical cannabis products shall~~
34 ~~be labeled as required by Section 19346. All packaging and sealing~~
35 ~~shall be completed prior to any medical cannabis or medical~~
36 ~~cannabis products being transported or delivered to a licensee,~~
37 ~~qualified patient, or caregiver.~~

38 (3) *This section does not limit the ability of licensed cultivators,*
39 *manufacturers, and dispensaries to directly enter into contracts*
40 *with one another indicating the price and quantity of medical*

1 *cannabis or medical cannabis products to be distributed. However,*
2 *a Type 11 licensee responsible for executing the contract is*
3 *authorized to collect a fee for the services rendered, including,*
4 *but not limited to, costs incurred by a Type 8 licensee, as well as*
5 *applicable state or local taxes and fees.*

6 (g) Medical cannabis and medical cannabis products shall be
7 tested by a ~~certified~~ *licensed* testing laboratory, prior to retail sale
8 or dispensing, as follows:

9 (1) Medical cannabis from dried flower shall, at a minimum,
10 be tested for potency, pesticides, mold, ~~rodenticide~~, and other
11 contaminants.

12 (2) Medical cannabis extracts shall, at a minimum, be tested for
13 potency and purity of the product.

14 (3) This chapter shall not prohibit a licensee from performing
15 on-site testing for the purposes of quality assurance of the product
16 in conjunction with reasonable business operations. On-site testing
17 by the licensee shall not be certified by the Division of Medical
18 Cannabis Manufacturing and Testing.

19 (h) For purposes of this section, “license” includes a provisional
20 license issued pursuant to Section 19330.

21 (i) This section shall become operative on July 1, 2017.

22 19326. (a) A licensee shall not cultivate, process, store,
23 manufacture, transport, or sell medical cannabis *or medical*
24 *cannabis products* in the state unless accurate records are kept at
25 the licensed premises of the growing, processing, storing,
26 manufacturing, transporting, or selling by the licensee.

27 (b) A licensee shall keep, at the licensed premises, accurate
28 records of the specific commercial cannabis activity conducted by
29 the licensee. The records shall include, at a minimum, all of the
30 following for each batch *and lot* of product:

31 (1) The name ~~and~~, address, *and license number* of the supplier.

32 (2) The dates on which the product was received.

33 (3) The amounts, form, and batch and lot number.

34 (4) The location of the cultivation site.

35 (5) The name of the employee who received the product.

36 (6) Records demonstrating compliance by the licensee with state
37 and federal rules and regulations regarding reporting and taxation
38 of income received.

1 (7) Receipts for all expenditures incurred by the licensee and
2 banking records, if any, for all funds obtained or expended in the
3 performance of any activity under the authority of the state license.

4 (8) *For licensed testing laboratories, a record of test methods*
5 *and test results, including graphs, charts, or spectra from*
6 *laboratory instrumentation.*

7 (c) Records shall be kept for a minimum of seven years
8 following approval of a state license.

9 (d) The office, the local enforcement agency designated in
10 accordance with Section 19309, and any other appropriate state
11 or local agency may examine the books and records of a state
12 licensee and may visit and inspect the premises of a state licensee,
13 as the office or state or local agency deems necessary to perform
14 its duties under this chapter. All inspections shall be conducted
15 during standard business hours of the licensed facility *or at any*
16 *other reasonable time*. Licensees or employees or representatives
17 of licensees are prohibited from refusing, impeding, or interfering
18 with an inspection pursuant to this chapter or local ordinance. A
19 violation shall be a misdemeanor punishable by up to one year in
20 county jail and a fine up to five thousand dollars (\$5,000) or by
21 civil penalties of up to five thousand dollars (\$5,000).

22 (e) Books or records requested by the office or an appropriate
23 state or local agency shall be ~~provided by the licensee no later than~~
24 ~~five business days after the request is made.~~ *made available upon*
25 *request.*

26 (f) The office, the local enforcement agency designated pursuant
27 to Section 19309, or any other state or local agency may enter and
28 inspect the premises of a facility issued a state license between the
29 hours of 8 a.m. and 8 p.m. on any day that the facility is open, or
30 at any reasonable time, to ensure compliance and enforcement of
31 the provisions of this chapter or a local ordinance.

32 (g) If a licensee or an employee of a licensee refuses, impedes,
33 obstructs, or interferes with an inspection pursuant to this section,
34 the state license may be summarily suspended and the licensing
35 authority shall directly commence proceedings for the revocation
36 of the state license.

37 (h) If a licensee or an employee of a licensee fails to maintain
38 or provide the books and records required pursuant to this section,
39 the licensee shall be subject to a civil fine of fifteen thousand
40 dollars (\$15,000) per individual violation.

(i) All cultivator, distributor, and dispensing licensees shall be subject to inspection, as specified by the licensing authority, in order to ensure compliance with this chapter, including, but not limited to, maintaining proper documentation at each site or facility.

19327. (a) A licensee may only hold a state license in up to two separate license categories, as follows:

(1) Type 1, 1A, 1B, 2, ~~and~~ 2A, and 2B licensees, or a combination thereof, may apply for a Type 6 or 7 state license, or a combination thereof.

(2) Type 6 and 7 licensees, or a combination thereof, may apply for a Type 1, 1A, 1B, 2, 2A, and 2B state license, or a combination thereof.

(3) Type 6 and 7 licensees, or a combination thereof, may apply for a Type 10A state license.

(4) Type 10A licensees may apply for a Type 6 and 7 state license, or a combination thereof.

(5) Type 1, 1A, 1B, 2, 2A, and 2B licensees, or a combination thereof, may apply for a Type 10A state license.

(6) Type 10A licensees, may apply for Type 1, 1A, 1B, 2, 2A, and 2B state license, or a combination thereof.

(7) *Type 11 licensees may apply for a Type 12 state license.*

(8) *Type 12 licensees may apply for a Type 11 state license.*

(b) Except as provided in subdivision (a), a person or entity that holds a state license is prohibited from licensure for any other activity authorized under this chapter, and is prohibited from holding an ownership interest in real property, personal property, or other assets associated or used in any other license category.

~~(e) A licensee conducting commercial cannabis activity in a jurisdiction that, prior to January 1, 2016, imposed a local ordinance requiring a qualified businesses or individuals to cultivate, manufacture, and dispense medical cannabis or medical cannabis products, with all commercial cannabis activity being conducted by a single licensee, may maintain their current categories of licensure.~~

(c) (1) In a jurisdiction that adopted a local ordinance, prior to July 1, 2015, allowing or requiring qualified businesses to cultivate, manufacture, and dispense medical cannabis or medical cannabis products, with all commercial cannabis activity being conducted by a single qualified business, upon licensure that

1 *business shall not be subject to subdivision (a) if it meets all of the*
2 *following conditions:*

3 *(A) The business was cultivating, manufacturing, and dispensing*
4 *medical cannabis or medical cannabis products on July 1, 2015,*
5 *and has continuously done so since that date.*

6 *(B) The business has been in full compliance with all applicable*
7 *local ordinances.*

8 *(C) The business is registered with the State Board of*
9 *Equalization.*

10 *(2) A business licensed pursuant to paragraph (1) is not required*
11 *to conduct all cultivation or manufacturing within the bounds of*
12 *a local jurisdiction, but all cultivation and manufacturing shall*
13 *have commenced prior to July 1, 2015, and have been in full*
14 *compliance with applicable local ordinances.*

15 *(3) A business licensed pursuant to paragraph (1) shall not be*
16 *issued a state license or local licenses or permits for commercial*
17 *cannabis activity after July 1, 2015, unless it complies with the*
18 *requirements in subdivision (a).*

19 *(d) A licensee shall not hold a cultivation license for an area*
20 *totaling more than one acre of canopy size, except as provided in*
21 *subdivision (c). For the purposes of this section, a plant count*
22 *allowed by an individual's license shall count towards the*
23 *maximum allowable canopy size pursuant to this section.*

24 19327.2. A licensee shall not also be licensed as a retailer of
25 alcoholic beverages pursuant to Division 9 (commencing with
26 Section 23000).

27 19328. Each licensing authority shall make recommendations
28 to the Legislature pertaining to the establishment of an appeals
29 and judicial review process for persons aggrieved by a final
30 decision of the licensing authority.

31 19329. This chapter and Article 2 (commencing with Section
32 11357) and Article 2.5 (commencing with Section 11362.7) of
33 Chapter 6 of Division 10 of the Health and Safety Code shall not
34 interfere with an employer's rights and obligations to maintain a
35 drug and alcohol free workplace or require an employer to permit
36 or accommodate the use, consumption, possession, transfer,
37 display, transportation, sale, or growth of cannabis in the workplace
38 or affect the ability of employers to have policies prohibiting the
39 use of cannabis by employees and prospective employees, or
40 prevent employers from complying with state or federal law.

Article 6. Provisional Licensing

19330. (a) Each licensing authority shall, as soon as practicable following January 1, 2016, allow a qualified applicant for licensure to apply for, receive, and renew a provisional license to engage in commercial cannabis activity so as to ensure an adequate supply of medical cannabis upon full implementation of this chapter. The provisional license shall have a scheduled expiration date, as determined by the licensing authority.

(b) Each licensing authority shall establish appropriate fees not to exceed the reasonable regulatory costs to the licensing authority for the issuance and renewal of a provisional license under its jurisdiction.

(c) Each licensing authority shall, if the applicant meets all the requirements in this section, issue a provisional license to individuals and entities that the licensing authority determines were, during the three months prior to March 1, 2016, regularly cultivating, processing, manufacturing, transporting, or distributing medical cannabis *or medical cannabis products* collectively or cooperatively in full compliance with any applicable local ordinance, and to continue to do so until the licensee's application for a state license has been approved or denied under this chapter, but no later than 90 days after the licensing authority begins accepting applications for regular state licenses. The licensing authority may consult with relevant local agencies in making a determination on whether a provisional license applicant is in compliance with applicable ordinances. Priority for provisional licensure shall be given to those businesses in compliance with local ordinances prior to ~~September~~ *July* 1, 2015.

(d) To qualify for a provisional license, an applicant shall disclose to the appropriate licensing authority all of the following information in writing:

(1) The names, addresses, and dates of birth of each principal officer, owner, or board member.

(2) The common street address and assessor's parcel number of the property at which the licensee conducts activity under the authority of the license.

(3) The common street address and assessor's parcel number of the property at which cultivation activity was or is to be conducted.

1 (4) For the three months prior to March 1, 2016, the quantity
2 of cannabis cultivated, processed, manufactured, tested, transported,
3 or sold at a location, and the quantity expected to be cultivated,
4 processed, manufactured, tested, transported, or sold from March
5 1, 2016, to September 1, 2016, inclusive. The licensee shall make
6 its records of current activity, and activity for the three months
7 prior to March 1, 2016, available to the licensing authority upon
8 request.

9 (5) For an applicant seeking a *state* license to cultivate,
10 distribute, or dispense medical ~~cannabis~~, *cannabis or medical*
11 *cannabis products*, a notarized statement from the owner of real
12 property or landlord where the licensed activities will occur, as
13 proof to demonstrate the landowner has acknowledged and
14 consented to permit the proposed activities to be conducted on the
15 property by the tenant applicant.

16 (6) *For an applicant seeking a license as a testing laboratory,*
17 *the applicant shall submit all of the following:*

18 (A) *A completed independent laboratory registration form, as*
19 *established by the State Department of Public Health.*

20 (B) *A copy of the contract with the accrediting body that the*
21 *licensee is applying to become accredited with, accompanied by*
22 *a copy of the proposed scope of the accreditation, or evidence that*
23 *the licensed testing laboratory has been accredited by, an*
24 *accrediting body in another jurisdiction.*

25 (C) *The name, address, date of birth, and social security number*
26 *of each licensed testing laboratory employee and a copy of the*
27 *application form completed by each licensed testing laboratory*
28 *employee.*

29 (e) Upon receipt of the application materials and fee, if the
30 applicant meets all the requirements of this section and if the
31 applicant has not committed any act or crime constituting grounds
32 for the denial of licensure, the licensing authority shall issue or
33 renew a provisional license and send a proof of issuance or renewal
34 to the applicant.

35 (f) Notwithstanding any other provision of this section, a
36 licensing authority shall not issue or renew a provisional license
37 to an individual or entity, or for a premises, against whom there
38 are pending state or local administrative *actions* or judicial
39 proceedings or *other* actions initiated by a city, county, or city and
40 county under an applicable local ordinance, or who has been

1 determined through those proceedings to have violated a local
2 ordinance related to cannabis activity, or that knowingly provides
3 false or fraudulent information on an application for licensure.

4 *(g) Except as provided in subdivisions (h) and (i), a licensing*
5 *authority shall not issue or renew a provisional license to an*
6 *applicant or entity, or any of its officers, directors, or owners, who*
7 *has been convicted, as defined as a plea or verdict of guilty or a*
8 *conviction following a plea of nolo contendere, of any of the*
9 *following:*

10 *(1) A felony conviction for the possession for sale, sale,*
11 *manufacture, transportation, or cultivation of a controlled*
12 *substance.*

13 *(2) A violent felony, as specified in subdivision (c) of Section*
14 *667.5 of the Penal Code.*

15 *(3) A serious felony, as specified in subdivision (c) of Section*
16 *1192.7 of the Penal Code.*

17 *(4) A felony offense involving fraud, deceit, or embezzlement.*

18 *(5) Any other felony that, in the licensing authority's*
19 *determination, would impair the applicant's ability to appropriately*
20 *operate as a provisional licensee.*

21 *(h) An applicant shall not be denied a provisional license based*
22 *on a conviction for an offense listed in subdivision (g) in any of*
23 *the following instances:*

24 *(1) The only basis for denial under subdivision (g) is that the*
25 *applicant has been convicted of transporting a controlled substance*
26 *pursuant to Section 11352 or 11379 of the Health and Safety Code*
27 *prior to January 1, 2014, and the facts underlying the conviction*
28 *establish that the applicant did not transport the controlled*
29 *substance with the intent to sell or the intent to aid and abet the*
30 *commission of, or conspiracy to commit, the crime of*
31 *transportation of the controlled substance.*

32 *(2) The applicant has been convicted of a felony that would not*
33 *be subject to criminal prosecution pursuant to Section 11362.5 or*
34 *11362.775 of the Health and Safety Code.*

35 *(3) The applicant has obtained a certificate of rehabilitation*
36 *under Chapter 3.5 (commencing with Section 4852.01) of Title 6*
37 *of Part 3 of the Penal Code, or the conviction was subsequently*
38 *dismissed under the provisions of Section 1203.4, 1203.4a, or*
39 *1203.41 of the Penal Code.*

1 (i) The licensing authority shall give priority review to
2 applicants who have been in operation for five years prior to the
3 first date that applications are taken for provisional licenses, have
4 not been convicted of a felony, and have been in full compliance
5 with the local ordinances in the jurisdiction in which the applicant
6 proposes to operate.

7 ~~(g)~~

8 (j) A provisional licensee shall comply with all standards and
9 requirements applicable to a licensee under this chapter, including,
10 but not limited to, the production, recordkeeping, security, and
11 transportation requirements and standards.

12 ~~(h)~~

13 (k) Beginning July 1, 2017, all commercial cannabis activity
14 shall be conducted between ~~licensees of commercial cannabis~~
15 ~~activity~~ licensees. If the licensing authority has not promulgated
16 its respective regulations by that date, the licensing authority shall
17 provide an extension for all provisional licenses for applicants
18 abiding by the provisions of this chapter.

19 ~~(i)~~

20 (l) A provisional license issued pursuant to this section shall
21 automatically terminate upon a licensing agency's issuance of a
22 regular state license.

23
24 Article 7. Licensed Cultivation Sites
25

26 19331. The Legislature finds and declares all of the following:

27 (a) The United States Environmental Protection Agency has not
28 established appropriate pesticide tolerances for, or permitted the
29 registration and lawful use of, pesticides on cannabis crops
30 intended for human consumption pursuant to the Federal
31 Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.).

32 (b) The use of pesticides is not adequately regulated due to the
33 omissions in federal law, and cannabis cultivated in California
34 for California patients can and often does contain pesticide
35 residues.

36 (c) Lawful California medical cannabis growers and caregivers
37 urge the Department of Pesticide Regulation to provide guidance,
38 in absence of federal guidance, on whether the pesticides currently
39 used at most cannabis cultivation sites are actually safe for use
40 on cannabis intended for human consumption.

1 19332. (a) The Division of Medical Cannabis Cultivation in
2 the Department of Food and Agriculture shall promulgate
3 regulations governing the licensing of cultivation sites. For
4 purposes of this chapter, the Secretary of the Department of Food
5 and Agriculture shall declare medical cannabis to be an agricultural
6 product. The division shall, in consultation with the State
7 Department of Public Health and the Department of Pesticide
8 Regulation, develop standards for the production and labeling of
9 all edible medical cannabis products, standards for the use of
10 pesticides and rodenticides in cultivation, and maximum tolerances
11 for ~~pesticides, rodenticides~~, *pesticides* and other foreign object
12 residue in harvested cannabis.

13 (b) The Department of Food and Agriculture shall have the
14 authority necessary for the implementation of this chapter.
15 Department regulations shall do all of the following:

16 (1) Provide that weighing or measuring devices used in
17 connection with the sale or distribution of medical cannabis are
18 required to meet standards equivalent to Division 5 (commencing
19 with Section 12001).

20 (2) Require that indoor and outdoor cannabis cultivation by
21 licensees is conducted in accordance with state and local laws and
22 best practices related to land conversion, grading, electricity usage,
23 water usage, agricultural discharges, and similar matters.

24 (3) *Establish cultivation protocols ensuring the quality,*
25 *availability, and safety of the medical cannabis crop, including*
26 *both indoor and outdoor cultivation standards and regulations*
27 *regarding carbon offsets for indoor cultivation.*

28 (c) The Department of Pesticide Regulation shall promulgate
29 regulations that require that the application of pesticides or other
30 pest control in connection with the indoor or outdoor cultivation
31 of medical cannabis meets standards equivalent to Division 6
32 (commencing with Section 11401) of the Food and Agricultural
33 Code and its implementing regulations.

34 (d) State licenses to be issued by the Division of Medical
35 Cannabis Cultivation are as follows:

36 (1) Type 1, or “specialty outdoor,” for outdoor cultivation *using*
37 *no artificial lighting* of less than 5,000 square feet of total canopy
38 size on one premises, *or up to 50 mature plants on noncontiguous*
39 *plots.*

1 (2) Type 1A, or “specialty indoor,” for indoor cultivation *using*
2 *exclusively artificial lighting* of less than 5,000 square feet of total
3 canopy size on one premises.

4 (3) *Type 1B, or “specialty mixed-light,” for cultivation using*
5 *a combination of natural and supplemental artificial lighting at a*
6 *maximum threshold to be determined by the licensing authority,*
7 *of less than 5,000 square feet of total canopy size on one premises.*

8 ~~(3)~~

9 (4) Type 2, or “small outdoor,” for outdoor cultivation *using*
10 *no artificial lighting* between 5,001 and 10,000 square feet of total
11 canopy size on one premises.

12 ~~(4)~~

13 (5) Type 2A, or “small indoor,” for indoor cultivation *using*
14 *exclusively artificial lighting* between 5,001 and 10,000 square
15 feet of total canopy size on one premises.

16 (6) *Type 2B, or “small mixed-light,” for cultivation using a*
17 *combination of natural and supplemental artificial lighting at a*
18 *maximum threshold to be determined by the licensing authority,*
19 *between 5,001 and 10,000 square feet of total canopy size on one*
20 *premises.*

21 ~~(5)~~

22 (7) Type 3, or “outdoor,” for outdoor cultivation *using no*
23 *artificial lighting* between 10,001 and 44,000 square feet of total
24 canopy size on one premises. The Division of Medical Cannabis
25 Cultivation shall limit the number of licenses allowed of this type.

26 (8) *Type 3A, or “indoor,” for indoor cultivation using*
27 *exclusively artificial lighting between 10,001 and 22,000 square*
28 *feet of total canopy size on one premises. The Division of Medical*
29 *Cannabis Cultivation shall limit the number of licenses allowed*
30 *of this type.*

31 (9) *Type 3B, or “mixed-light,” for cultivation using a*
32 *combination of natural and supplemental artificial lighting at a*
33 *maximum threshold to be determined by the licensing authority,*
34 *between 10,001 and 22,000 square feet of total canopy size on one*
35 *premises. The Division of Medical Cannabis Cultivation shall limit*
36 *the number of licenses allowed of this type.*

37 ~~(6)~~

38 (10) Type 4, or “nursery,” for cultivation of medical cannabis
39 solely as a nursery. Type 4 licensees may transport live plants.

~~(e) All license fees collected by the division pursuant to this chapter shall be deposited into the Medical Cannabis Cultivation Fees Account, which is hereby established within the fund. All moneys within this account are available upon appropriation by the Legislature to the division solely for the purposes of fully funding and administering this chapter, including, but not limited to, the costs incurred by the division for its administrative expenses and costs and the costs of regulation.~~

~~(f)~~

(e) It is the intent of the Legislature to establish appropriate protocols for the collection of the specific location of cultivation sites.

19333. An employee engaged in commercial cannabis cultivation activity shall be subject to Wage Order 4-2001 of the Industrial Welfare Commission.

Article 8. Licensed Distributors, Dispensaries, and Transporters

19334. (a) The State Board of Equalization shall promulgate regulations governing the licensing and regulation of distributors, dispensing facilities, and transporters. State enforcement shall be conducted in coordination with local authorities.

(b) By March 1, 2016, the State Board of Equalization shall submit a request for proposal to the public regarding a tracking program for medical cannabis and medical cannabis products as part of the anti-diversion effort. The State Board of Equalization shall choose a supplier and begin full implementation of the program prior to the issuance of state licenses pursuant to this chapter.

(c) State licenses to be issued by the State Board of Equalization are as follows:

(1) Type 10, or “dispensary,” for the retail of medical cannabis or medical cannabis products. This license shall allow for delivery where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 19340.

(2) Type 10A or “special dispensary status,” for dispensers who have no more than three licensed dispensary facilities. This license shall allow for delivery where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 19340.

1 (3) Type 11, or “distributor,” for the processing and certification
2 of the content of all medical cannabis or medical cannabis products
3 ~~that are transported or delivered by~~ and distribution licensees. A
4 Type 11 licensee shall hold a Type 12, or transporter, license and
5 register each facility location where product is stored for the
6 purposes of distribution. A Type 11 licensee shall not hold a license
7 ~~in any other~~ a cultivation, manufacturing, dispensing, or testing
8 license category and shall not own, or have an ownership interest
9 in, a facility licensed pursuant to this chapter in those categories
10 other than a security interest, lien, or encumbrance on property
11 that is used by a licensee. A Type 11 licensee shall be bonded and
12 insured at a minimum level established by the licensing authority.

13 (4) Type 12, or “transport,” for transporters of medical cannabis
14 or medical cannabis products. A Type 12 licensee shall be bonded
15 and insured at a minimum level established by the licensing
16 authority.

17 (d) The State Board of Equalization shall adopt regulations
18 establishing the following statewide minimum thresholds for
19 additional transportation security requirements, as developed by
20 the task force and office:

21 (1) Minimum additional security requirements for the
22 transportation of medical cannabis and medical cannabis products,
23 based on total retail value, weight of medical cannabis, and weight
24 of medical cannabis products, for an entity licensed pursuant to
25 Section 19332 or 19342 or paragraph (1) or (2) of subdivision (c)
26 of Section 19334.

27 (2) Minimum additional security requirements for the delivery
28 of medical cannabis and medical cannabis products, based on
29 total retail value, weight of medical cannabis, and weight of
30 medical cannabis products, for an entity licensed pursuant to
31 paragraph (1) or (2) of subdivision (c) of Section 19334, where
32 expressly authorized by local ordinance, pursuant to subdivision
33 (b) of Section 19340.

34 19334.5. (a) The State Board of Equalization shall adopt a
35 medical cannabis and medical cannabis products track and trace
36 process for reporting the movement of cannabis items throughout
37 the distribution chain that also employs secure packaging and that
38 is capable of providing information that captures, at a minimum,
39 all of the following:

40 (1) The licensee receiving the product.

(2) The transaction date.

(3) Any other information deemed necessary by the State Board of Equalization for the taxation and regulation of medical cannabis and medical cannabis products.

(b) The State Board of Equalization shall receive initial funding for subdivision (b) of Section 19334 and this section pursuant to subdivision (d) of Section 19361.

19335. (a) The provisions of Chapter 4 (commencing with Section 55121) of Part 30 of Division 2 of the Revenue and Taxation Code shall apply with respect to the State Board of Equalization's collection of the fees, civil fines, and penalties imposed pursuant to this chapter.

(b) The provisions of Chapter 8 (commencing with Section 55381) of Part 30 of Division 2 of the Revenue and Taxation Code shall apply with respect to the disclosure of information under this chapter.

Article 9. Licensed Transporters

19336. (a) A licensee authorized to ~~transport, or transport and deliver,~~ medical cannabis and medical cannabis products shall do so only as set forth in this chapter.

(b) Prior to ~~transporting or delivering~~ medical cannabis or medical cannabis products, a licensee authorized to ~~transport or deliver~~ medical cannabis or medical cannabis products shall do both of the following:

(1) Complete an electronic shipping manifest as prescribed by the licensing authority. ~~All delivery shipping manifests shall not identify the qualified patient or primary caregiver by name or address.~~

(2) Securely transmit the manifest to the licensing authority and the licensee that will receive the medical cannabis ~~product, as applicable.~~ *product.*

(c) ~~During transportation or delivery,~~ *transportation,* the licensed transporter shall maintain a physical copy of the shipping manifest and make it available upon request to agents of the licensing authority, local law enforcement officers, or any other designated enforcement agency.

(d) The licensee receiving the shipment shall maintain each electronic shipping manifest and shall make it available upon

1 request to agents of the licensing authority, local law enforcement
2 officers, or any other designated enforcement agency.

3 (e) Upon receipt of the transported shipment, a licensee shall
4 submit to the licensing agency a record verifying receipt of the
5 shipment and the details of the shipment.

6 (f) *When a licensing authority has knowledge that a licensee*
7 *has transported, or arranged for or facilitated the transport of,*
8 *medical cannabis or medical cannabis products in violation of*
9 *this article, the licensing authority shall summarily suspend that*
10 *state license and shall, without delay, commence proceedings for*
11 *revocation of the state license in accordance with this chapter.*

12 19336.5. An entity licensed pursuant to Section ~~19332, 19334,~~
13 ~~19332 or 19342 or paragraph (1) or (2) of subdivision (c) of~~
14 ~~Section 19334~~ may transport between licensees medical cannabis
15 or medical cannabis products ~~with a total retail value, weight of~~
16 ~~medical cannabis, and weight of medical cannabis products, in an~~
17 ~~amount below the statewide threshold, which shall be adopted by~~
18 ~~regulation by the licensing authority after review by the task force~~
19 ~~and the office. minimum set pursuant to subdivision (d) of Section~~
20 ~~19334.~~

21 19337. (a) ~~Transported and delivered~~ medical cannabis or
22 medical cannabis products shall be transported only in a storage
23 compartment that is securely affixed to the interior of the
24 transporting vehicle and that is not visible from outside the vehicle.
25 This requirement shall ~~only~~ not apply to licensees transporting
26 medical cannabis or medical cannabis products ~~with a total retail~~
27 ~~value of at least an amount equal to a statewide monetary threshold,~~
28 ~~which shall be adopted by regulation by the licensing authority~~
29 ~~after review by the task force and the office. in an amount below~~
30 ~~the statewide minimum set pursuant to subdivision (d) of Section~~
31 ~~19334.~~

32 (b) ~~Except as provided in Section 19340, a~~ A vehicle transporting
33 medical cannabis or medical cannabis products shall travel only
34 directly between licensed facilities, unless otherwise authorized
35 under its license. All transport ~~and deliveries~~ shall be conducted
36 between 8:00 a.m. and 8:00 p.m. Transportation ~~and delivery~~ of
37 shipments ~~do~~ does not have to be completed in a single day.

38 (c) All transport ~~or delivery~~ vehicles shall be staffed with a
39 minimum of two direct employees of the licensee. At least one
40 employee shall remain with the vehicle at all times when the

1 vehicle contains medical cannabis *or medical cannabis products*.
2 This requirement shall ~~only~~ *not* apply to licensees transporting
3 medical cannabis or medical cannabis products ~~with a total retail~~
4 ~~value of at least an amount equal to a statewide monetary threshold,~~
5 ~~which shall be adopted by regulation by the licensing authority~~
6 ~~after review by the task force and the office.~~ *below the statewide*
7 *minimum set pursuant to subdivision (d) of Section 19334.*

8 (d) Each transport ~~or delivery~~ team member shall possess
9 documentation of licensing and a government-issued identification
10 card at all times when transporting ~~or delivering~~ medical cannabis
11 *or medical cannabis products* and shall produce it upon the request
12 of agents of any licensing authority or a law enforcement official.

13 (e) This section shall be enforced by the Department of the
14 California Highway Patrol in collaboration with *state and* local
15 agencies.

16 19337.1. Notwithstanding Section 19337, a licensed transporter
17 may transport medical cannabis products to an unlicensed
18 dispensing facility within the City of Los Angeles, provided the
19 following requirements are met:

20 (a) The licensed transporter shall comply with subdivisions (b)
21 and (c) of Section 19336, except that, in complying with paragraph
22 (2) of subdivision (b), the licensed transporter shall securely
23 transmit the manifest to the licensing authority and the unlicensed
24 dispensing facility that will receive the medical cannabis products.

25 (b) The licensed transporter shall record and maintain, in both
26 physical and electronic format, the following information with
27 respect to the ~~delivery~~ *transportation* of medical cannabis products
28 to the unlicensed dispensing facility:

29 (1) The date *and time* of ~~delivery~~ *arrival at the destination*.

30 (2) The address of ~~delivery~~ *the destination*.

31 (3) The name *and state license number* of the individual who
32 completed the ~~delivery~~ *shipment*.

33 (4) The name *and the state license number* of the individual at
34 the facility who received the ~~delivery~~ *shipment*.

35 (5) The name of the owner or operator of the facility.

36 (6) The name of the facility, ~~as including the name~~ reflected on
37 any signage.

38 (7) The quantity, or weight, and variety of all medical cannabis
39 products ~~delivered~~ *received*.

40 (8) The source of all medical cannabis ~~delivered~~ *received*.

1 (9) The monetary amount charged and received for all medical
2 cannabis products ~~delivered~~; *received*.

3 (c) The recorded information specified in subdivision (b) shall
4 be transmitted within five days to the City of Los Angeles, in a
5 manner to be determined and specified by the City of Los Angeles.

6 (d) The records required by this section shall be maintained and
7 made available in accordance with the provisions of Section 19326.

8 19338. (a) ~~The licensing authority~~ *State Board of Equalization*
9 shall develop a database containing the electronic shipping
10 manifests, which shall include, but not be limited to, the following
11 information:

12 (1) The quantity, or weight, and variety of products shipped.

13 (2) The estimated times of departure and arrival.

14 (3) The quantity, or weight, and variety of products received.

15 (4) The actual time of arrival.

16 (5) A categorization of the product.

17 (6) *The license number issued by the State Board of*
18 *Equalization.*

19 (b) The database shall be designed to flag irregularities for a
20 licensing authority to investigate. ~~An authorized enforcement~~
21 ~~authority~~ *Licensing authorities and state and local agencies* may,
22 at any time, inspect shipments and request documentation for
23 current inventory.

24 19339. (a) This chapter shall not be construed to authorize or
25 permit a licensee to transport ~~or deliver~~, or cause to be transported
26 ~~or delivered~~, cannabis or cannabis products outside the state, unless
27 authorized by federal law.

28 (b) A local jurisdiction shall not prevent transportation of
29 medical cannabis or medical cannabis products on public roads
30 by a licensee transporting medical cannabis or medical cannabis
31 products that acts in compliance with this chapter.

32 ~~(c) A local jurisdiction shall not prevent delivery of medical~~
33 ~~cannabis or medical cannabis products on public roads by a licensee~~
34 ~~that acts in compliance with this chapter and applicable local~~
35 ~~ordinances.~~

36 19339.5. *Notwithstanding any other law or the wage orders*
37 *of the Industrial Welfare Commission, a driver employed to*
38 *transport medical cannabis or medical cannabis products shall*
39 *be entitled to overtime pay pursuant to Section 510 of the Labor*
40 *Code.*

Article 9.5. Delivery

19340. (a) ~~All mobile, vehicular, and technology platforms that enable qualified patients or primary caregivers to arrange for any of the above-described functions with a third party deliveries, as defined in Section 19300, are prohibited, except as authorized by this chapter and local ordinance. Deliveries may only be made by an appropriately licensed dispensary.~~

(b) Upon approval of the licensing authority, a ~~licensee licensed dispensary~~ authorized to ~~provide delivery services~~ deliver medical cannabis or medical cannabis products shall comply with both of the following:

(1) The city, county, or city and county in which the ~~premises of the licensee licensed dispensary~~ is located, and in which each delivery is made, ~~must shall~~ specifically and by ordinance permit delivery service by ordinance referring to this section. ~~delivery, as defined in Section 19300.~~

(2) All employees delivering medical cannabis or medical cannabis products ~~must shall~~ carry a current license authorizing those services with them during ~~deliveries, deliveries and a government-issued identification, and must shall~~ present that license and identification upon request to state and local law enforcement, employees of regulatory authorities, and other state and local agencies enforcing this chapter.

~~(3) Delivery of medical cannabis or medical cannabis products pursuant to this section shall comply with subdivisions (c) and (d) of Section 19336 and subdivisions (a), (c), and (d) of Section 19337.~~

(c) A county shall have the authority to impose a tax, pursuant to Section 19355, on each delivery transaction completed by a licensee.

(d) Whenever a licensing authority has knowledge that a licensee has ~~transported or delivered, or arranged or facilitated the transport or delivery of, medical cannabis or medical cannabis products in violation of this chapter, article,~~ the licensing authority shall summarily suspend that facility's license and shall without delay commence proceedings for the revocation of the license in accordance with this chapter.

~~(e) All license fees collected by the licensing authority pursuant to this chapter shall be deposited into the Medical Cannabis Retail~~

~~Fees Account, which is hereby established within the fund. All moneys within the Medical Cannabis Retail Fees Account are available upon appropriation to the State Board of Equalization, solely for the purposes of fully funding and administering this chapter, including, but not limited to, the costs incurred by the board for its administrative expenses and costs and the costs of regulation.~~

(e) During delivery, the licensee shall maintain a physical copy of the delivery request and shall make it available upon request to agents of the licensing authority, local law enforcement officers, or any other designated enforcement agency. The delivery request documentation shall comply with state and federal law regarding the protection of confidential medical information.

(f) The patient or qualified caregiver requesting the delivery shall maintain a copy of the delivery request and shall make it available, upon request, to agents of the licensing authority, local law enforcement officers, or any other designated enforcement agency.

(g) Medical cannabis or medical cannabis products shall be delivered only in a storage compartment that is securely affixed to the interior of the vehicle and that is not visible from outside the vehicle. This subdivision shall not apply to licensees delivering medical cannabis or medical cannabis products below the statewide minimum set pursuant to subdivision (d) of Section 19334.

(h) All delivery vehicles shall be staffed with a minimum of two direct employees of the licensee. At least one employee shall remain with the vehicle at all times when the vehicle contains medical cannabis or medical cannabis products. This subdivision shall not apply to licensees delivering medical cannabis or medical cannabis products below the statewide minimum set pursuant to subdivision (d) of Section 19334.

(i) This section shall not be construed to authorize or permit a licensee to deliver, or cause to be delivered, cannabis or cannabis products outside the state, unless authorized by federal law.

(j) A local jurisdiction shall not prevent delivery of medical cannabis or medical cannabis products on public roads by a licensee acting in compliance with this chapter and applicable local ordinances.

Article 10. Licensed Manufacturers and ~~Certified~~ *Licensed* Laboratories

1 by the International Organization for Standardization, specifically
2 ISO/IEC 17020 and ISO/IEC 17025.

3 ~~(e) These requirements shall apply to all entities, including~~
4 ~~third-party laboratories, engaged in the testing of medical cannabis~~
5 ~~pursuant to this chapter.~~

6 19343. (a) *For the purposes of testing medical cannabis or*
7 *medical cannabis products, licensees shall use a licensed testing*
8 *laboratory that has adopted a standard operating procedure using*
9 *methods consistent with general requirements for the competence*
10 *of testing and calibration activities, including sampling, using*
11 *standard methods established by the International Organization*
12 *for Standardization, specifically ISO/IEC 17020 and ISO/IEC*
13 *17025 to test medical cannabis and medical cannabis products*
14 *that are approved by an accrediting body that is a signatory to the*
15 *International Laboratory Accreditation Cooperation Mutual*
16 *Recognition Arrangement.*

17 (b) *An agent of a licensed testing laboratory shall obtain*
18 *samples according to a statistically valid sampling method for*
19 *each lot.*

20 (c) *A licensed testing laboratory shall analyze samples*
21 *according to either of the following:*

22 (1) *The most current version of the cannabis inflorescence*
23 *monograph published by the American Herbal Pharmacopoeia.*

24 (2) *Scientifically valid methodology that is demonstrably equal*
25 *or superior to paragraph (1), in the opinion of the accrediting*
26 *body.*

27 (d) *If a test result falls outside the specifications authorized by*
28 *law or regulation, the licensed testing laboratory shall follow a*
29 *standard operating procedure to confirm or refute the original*
30 *result.*

31 (e) *A licensed testing laboratory shall destroy the remains of*
32 *the sample of medical cannabis or medical cannabis product upon*
33 *completion of the analysis.*

34 19343.2. *A licensed testing laboratory shall do all of the*
35 *following:*

36 (a) *Follow the methodologies, ranges, and parameters that are*
37 *contained in the scope of the accreditation for testing medical*
38 *cannabis or medical cannabis products.*

39 (b) *Require each licensed testing laboratory employee to*
40 *complete and execute an application for employment on a form*

1 *provided by the Division of Medical Cannabis Manufacturing and*
2 *Testing.*

3 *(c) Establish and follow written procedures for verifying the*
4 *experience and education of employees.*

5 *(d) Submit the registration information for each licensed testing*
6 *laboratory employee within 15 days of the employee being hired.*

7 *(e) Upon termination of the association of the registered licensed*
8 *testing laboratory employee with the licensed testing laboratory,*
9 *do all of the following:*

10 *(1) Obtain keys or other entry devices from the terminated*
11 *employee.*

12 *(2) Ensure the terminated employee can no longer gain access*
13 *to the laboratory premises.*

14 *(3) Within one business day of the termination of the employee,*
15 *notify the Division of Medical Cannabis Manufacturing and Testing*
16 *of the termination.*

17 *(f) Notify the Division of Medical Cannabis Manufacturing and*
18 *Testing within one business day after the receipt of notice of any*
19 *kind that its accreditation has been denied, suspended, or revoked.*

20 *19343.5. A licensed testing laboratory shall not handle, test,*
21 *or analyze medical cannabis or medical cannabis products unless*
22 *the licensed testing laboratory meets all of the following:*

23 *(a) Is registered by the Division of Medical Cannabis*
24 *Manufacturing and Testing.*

25 *(b) Is independent from all other persons and entities involved*
26 *in the medical cannabis industry.*

27 *(c) Is accredited by an accrediting body or has a provisional*
28 *license from the Division of Medical Cannabis Manufacturing and*
29 *Testing.*

30 *(d) Has established standard operating procedures that provide*
31 *for adequate chain of custody controls for samples transferred to*
32 *the licensed testing laboratory for testing.*

33 *19343.7. (a) A licensed testing laboratory shall issue a*
34 *certificate of analysis for each lot, with supporting data, to report*
35 *both of the following:*

36 *(1) Whether the chemical profile of the lot conforms to the*
37 *specifications of the lot for compounds, including, but not limited*
38 *to, all of the following:*

39 *(A) Tetrahydrocannabinol (THC).*

40 *(B) Tetrahydrocannabinolic Acid (THCA).*

- 1 (C) *Cannabidiol (CBD).*
- 2 (D) *Cannabidiolic Acid (CBDA).*
- 3 (E) *The terpenes described in the most current version of the*
- 4 *cannabis inflorescence monograph published by the American*
- 5 *Herbal Pharmacopoeia.*
- 6 (F) *Cannabigerol (CBG).*
- 7 (G) *Cannabinol (CBN).*
- 8 (H) *Any other compounds required by the Division of Medical*
- 9 *Cannabis Manufacturing and Testing.*

10 (2) *That the presence of contaminants does not exceed the levels*
 11 *that are the lesser of either the most current version of the*
 12 *American Herbal Pharmacopoeia monograph or the Division of*
 13 *Medical Cannabis Manufacturing and Testing. For purposes of*
 14 *this paragraph, contaminants includes, but is not limited to, all of*
 15 *the following:*

- 16 (A) *Residual solvent or processing chemicals.*
- 17 (B) *Foreign material, including, but not limited to, hair, insects,*
- 18 *or similar or related adulterant.*
- 19 (C) *Microbiological impurity, including total aerobic microbial*
- 20 *count, total yeast mold count, Paeruginosa, aspergillus spp., s.*
- 21 *aureus, aflatoxin B1, B2, G1, or G2, or ochratoxin A.*
- 22 (D) *Whether the batch is within specification for odor and*
- 23 *appearance.*

24 (b) *Residual levels of volatile organic compounds shall be below*
 25 *the lesser of either the specifications set by the United States*
 26 *Pharmacopeia (U.S.P. Chapter 467) or those set by the Division*
 27 *of Medical Cannabis Manufacturing and Testing.*

28 19344. (a) ~~A laboratory certified by the department to perform~~
 29 ~~random sample testing of medical cannabis or medical cannabis~~
 30 ~~products~~ *Except as provided in this chapter, a licensed testing*
 31 *laboratory shall not acquire or receive medical cannabis or medical*
 32 *cannabis products except from a licensed facility or an unlicensed*
 33 *facility in the City of Los Angeles in accordance with this chapter,*
 34 *and shall not distribute, sell, deliver, transfer, transport, or dispense*
 35 *medical cannabis or medical cannabis products except to the*
 36 *licensed facility or unlicensed facility in the City of Los Angeles,*
 37 *from which the medical cannabis or medical cannabis products*
 38 *were acquired or received. All transfer or transportation shall be*
 39 *performed pursuant to a specified chain of custody protocol.*

1 (b) A licensed testing laboratory may receive and test samples
2 of medical cannabis or medical cannabis products from a qualified
3 patient or primary caregiver only if he or she presents his or her
4 valid recommendation for cannabis for medical purposes from a
5 physician. A licensed testing laboratory shall not certify samples
6 from a qualified patient or caregiver for resale or transfer to
7 another party or licensee. All tests performed by a licensed testing
8 laboratory for a qualified patient or caregiver shall be recorded
9 with the name of the qualified patient or caregiver and the amount
10 of medical cannabis or medical cannabis product received.

11 (b)

12 (c) ~~The—department~~ Division of Medical Cannabis
13 Manufacturing and Testing shall develop procedures to ensure
14 that testing of cannabis occurs prior to delivery to dispensaries or
15 any other business, and specify how often licensees shall test
16 cannabis, that the cost of testing shall be borne by the licensed
17 cultivators, and requiring destruction of harvested batches whose
18 testing samples indicate noncompliance with health and safety
19 standards promulgated by the ~~department~~, Division of Medical
20 Cannabis Manufacturing and Testing, unless remedial measures
21 can bring the cannabis into compliance with quality assurance
22 standards as promulgated by the ~~department~~. Division of Medical
23 Cannabis Manufacturing and Testing.

24 (e)

25 (d) ~~The—department~~ Division of Medical Cannabis
26 Manufacturing and Testing shall establish a ~~certification~~ licensing
27 fee, and laboratories shall pay a fee to be ~~certified~~. Certification
28 licensed. Licensing fees shall not exceed the reasonable regulatory
29 cost of the ~~certification~~ licensing activities.

30 ~~(d) All certification fees collected by the department pursuant~~
31 ~~to this chapter shall be deposited into the Medical Cannabis Testing~~
32 ~~Fees Account, which is hereby established within the fund. All~~
33 ~~moneys in the Medical Cannabis Testing Fees Account shall be~~
34 ~~available to the division upon appropriation of the Legislature~~
35 ~~solely for the purpose of fully funding administration of this~~
36 ~~chapter, including, but not limited to, the costs incurred by the~~
37 ~~division for the administrative expenses and costs and the costs of~~
38 ~~regulation.~~

1 19345. (a) The Division of Medical Cannabis Manufacturing
2 and Testing within the State Department of Public Health shall
3 promulgate the following standards:

4 (1) Health and safety standards applicable to all medical
5 cannabis, and medical cannabis products, including maximum
6 potency standards for medical cannabis products.

7 (2) Standards for licensed manufacturers of medical cannabis
8 and medical cannabis products, including, but not limited to, edible
9 products.

10 (b) At a minimum, the standards required by this section shall
11 do all of the following:

12 (1) Prescribe sanitation standards equivalent to the California
13 Retail Food Code (Part 7 (commencing with Section 113700) of
14 Division 104 of the Health and Safety Code) for food preparation,
15 storage, handling, and sale of edible medical cannabis products.
16 For purposes of this chapter, edible medical cannabis products are
17 deemed to be unadulterated food products.

18 (2) Require that edible medical cannabis products produced,
19 distributed, provided, donated, or sold by licensees shall be limited
20 to nonpotentially hazardous food, as established by the State
21 Department of Public Health pursuant to Section 114365.5 of the
22 Health and Safety Code.

23 (3) Require that facilities in which edible medical cannabis
24 products are prepared shall be constructed in accordance with
25 applicable building standards, health and safety standards, and
26 other state laws.

27 (4) Require that all edible medical cannabis products shall be
28 packaged at the original point of preparation.

29 (c) No person shall engage in the manufacture, packing, or
30 holding of processed food containing edible cannabis unless the
31 person has a valid registration from the ~~department~~ *Division of*
32 *Medical Cannabis Manufacturing and Testing* pursuant to Section
33 110460 of the Health and Safety Code. Health and safety standards
34 prescribed by this section or promulgated through regulation may
35 be enforced by local environmental health departments.

36 19346. (a) Prior to sale or distribution at a licensed dispensing
37 facility or an unlicensed dispensing facility in the City of Los
38 Angeles, medical cannabis products shall be labeled and in a
39 tamper-evident package. Labels and packages of medical cannabis
40 products shall meet the following requirements:

- 1 (1) Medical cannabis packages and labels shall not be made to
2 be attractive to children.
- 3 (2) All medical cannabis product labels shall include the
4 following information, prominently displayed and in a clear and
5 legible font:
- 6 (A) Manufacture date and source.
- 7 (B) The statement “KEEP OUT OF REACH OF CHILDREN
8 AND ANIMALS” in bold print.
- 9 (C) The statement “FOR MEDICAL USE ONLY.”
- 10 (D) The statement “THE INTOXICATING EFFECTS OF THIS
11 PRODUCT MAY BE DELAYED BY UP TO TWO HOURS.”
- 12 (E) *The statement “THIS PRODUCT MAY IMPAIR THE*
13 *ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE*
14 *EXTREME CAUTION.”*
- 15 ~~(E)~~
- 16 (F) For packages containing only dried ~~cannabis~~, *flower*, the
17 net weight of medical cannabis in the package.
- 18 ~~(F)~~
- 19 (G) A warning if nuts or other known allergens are used.
- 20 ~~(G)~~
- 21 (H) List of pharmacologically active ingredients, including, but
22 not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD),
23 and other cannabinoid content, the THC and other cannabinoid
24 amount in milligrams per serving, servings per package, and the
25 THC and other cannabinoid amount in milligrams for the package
26 total.
- 27 ~~(H)~~
- 28 (I) Clear indication, in bold type, that the product contains
29 medical cannabis.
- 30 ~~(I)~~
- 31 (J) Identification of the source and date of cultivation and
32 manufacture.
- 33 ~~(J)~~
- 34 (K) The date of sale.
- 35 ~~(K)~~
- 36 (L) Any other requirement set by the ~~department~~. *licensing*
37 *authority*.
- 38 (b) Only generic food names may be used to describe edible
39 medical cannabis products.

1 Article 11. Cannabis Employee Certification and Apprenticeship

2
3 19350. This article applies only to cultivation sites and
4 dispensaries.

5 19351. The Division of Labor Standards Enforcement shall do
6 all of the following:

7 (a) Maintain minimum standards for the competency and training
8 of employees of a licensed cultivator or dispensary through a
9 system of testing and certification.

10 (b) Maintain an advisory committee and panels as necessary to
11 carry out its functions under this article. There shall be employer
12 representation on the committee and panels.

13 (c) Adopt regulations as determined to be necessary to
14 implement this article.

15 (d) Issue certification cards to employees certified pursuant to
16 this article.

17 (e) Establish registration fees in an amount reasonably necessary
18 to implement this article, not to exceed twenty-five dollars (\$25)
19 for the initial registration. There shall be no fee for annual renewal
20 of registration. Fees collected for cultivation sites and dispensaries
21 shall be placed into the Medical Cannabis Cultivation Fee Account
22 and the Medical Cannabis Retail Fee Account, respectively.

23 19352. (a) By January 1, 2017, the Division of Labor Standards
24 Enforcement shall develop a certification program for cannabis
25 employees. Commencing January 1, 2019, except as provided in
26 subdivision (c), certification shall be required of all persons who
27 perform work as cannabis employees.

28 (b) Individuals desiring to be certified shall submit an
29 application for certification and examination.

30 (c) (1) Certification is not required for registered apprentices
31 working as cannabis employees as part of a state-approved
32 apprenticeship program. An apprentice who is within one year of
33 completion of his or her term of apprenticeship shall be permitted
34 to take the certification examination and, upon passing the
35 examination, shall be certified immediately upon completion of
36 the term of apprenticeship.

37 (2) Commencing January 1, 2019, an uncertified person may
38 perform work for which certification is otherwise required in order
39 to acquire the necessary on-the-job experience for certification
40 provided that the person shall be under the direct supervision of a

1 cannabis employee certified pursuant to this section who is
2 responsible for supervising no more than one uncertified person.

3 (3) The Division of Labor Standards Enforcement may develop
4 additional criteria governing this subdivision.

5 19353. (a) The following shall constitute additional grounds
6 for disciplinary proceedings, including suspension or revocation
7 of the license issued pursuant to this chapter:

8 (1) The licensee willfully employs one or more uncertified
9 persons to perform work as cannabis employees in violation of
10 this article.

11 (2) The licensee willfully fails to provide adequate supervision
12 of uncertified workers.

13 (3) The licensee willfully fails to provide adequate supervision
14 of apprentices.

15 (b) The Labor Commissioner shall maintain a process for
16 referring cases to the appropriate licensing authority when it has
17 been determined that a violation of this section has likely occurred.
18 The Labor Commissioner shall have a memorandum of
19 understanding with the regulatory authorities in furtherance of this
20 section.

21 (c) Upon receipt of a referral by the Labor Commissioner
22 alleging a violation under this section, the appropriate licensing
23 authority shall open an investigation. Disciplinary action against
24 the licensee shall be initiated within 60 days of the receipt of the
25 referral. The licensing authority may initiate disciplinary action
26 against a licensee upon his or her own investigation, the filing of
27 a complaint, or a finding that results from a referral from the Labor
28 Commissioner alleging a violation under this section. Failure of
29 the employer or employee to provide evidence of certification or
30 apprentice status shall create a rebuttable presumption of violation
31 of this section.

32 (d) This section shall become operative on January 1, 2019.

34 Article 12. Taxation

35
36 ~~19355. The office and other state agencies may assist state~~
37 ~~taxation authorities in the development of uniform policies for the~~
38 ~~state taxation of state licensees.~~

1 ~~19356. It is the intent of the Legislature to grant authority to~~
2 ~~the board of supervisors of a county to impose appropriate taxes~~
3 ~~on facilities licensed pursuant to this chapter.~~

4 19355. (a) (1) *A county may impose a tax on the privilege of*
5 *cultivating, dispensing, producing, processing, preparing, storing,*
6 *providing, donating, selling, or distributing medical cannabis or*
7 *medical cannabis products by a licensee operating pursuant to*
8 *Chapter 3.5 (commencing with Section 19300) of Division 8 of the*
9 *Business and Professions Code.*

10 (2) *The board of supervisors shall specify in the ordinance*
11 *proposing the tax the activities subject to the tax, the applicable*
12 *rate or rates, the method of apportionment, if necessary, and the*
13 *manner of collection of the tax. The tax may be imposed for general*
14 *governmental purposes or for purposes specified in the ordinance*
15 *by the board of supervisors.*

16 (3) *In addition to any other method of collection authorized by*
17 *law, the board of supervisors may provide for the collection of the*
18 *tax imposed pursuant to this section in the same manner, and*
19 *subject to the same penalties and priority of lien, as other charges*
20 *and taxes fixed and collected by the county. A tax imposed pursuant*
21 *to this section is a tax and not a fee or special assessment. The*
22 *board of supervisors shall specify whether the tax applies*
23 *throughout the entire county or within the unincorporated area of*
24 *the county.*

25 (4) *The tax authorized by this section may be imposed upon any*
26 *or all of the activities set forth in paragraph (1), as specified in*
27 *the ordinance, regardless of whether the activity is undertaken*
28 *individually, collectively, or cooperatively, and regardless of*
29 *whether the activity is for compensation or gratuitous, as*
30 *determined by the board of supervisors.*

31 (b) *A tax imposed pursuant to this section shall be subject to*
32 *applicable voter approval requirements imposed by law.*

33 (c) *For purposes of this section, “cannabis” has the same*
34 *meaning as set forth in Section 19300.*

35 (d) *This section is declaratory of existing law and does not limit*
36 *or prohibit the levy or collection of any other fee, charge, or tax,*
37 *or a license or service fee or charge upon, or related to, the*
38 *activities set forth in subdivision (a) as otherwise provided by law.*
39 *This section shall not be construed as a limitation upon the taxing*
40 *authority of a county as provided by law.*

1 (e) *This section shall not be construed to authorize a county to*
2 *impose a sales or use tax in addition to the sales and use tax*
3 *imposed under an ordinance conforming to the provisions of*
4 *Sections 7202 and 7203 of the Revenue and Taxation Code.*

5
6 Article 13. Funding
7

8 19360. Each licensing authority shall establish a scale of
9 application, licensing, and renewal fees, based upon the cost of
10 enforcing this chapter, as follows:

11 (a) Each licensing authority shall charge each licensee a
12 licensure ~~or~~ and renewal ~~fee~~. *fee, as applicable.* The licensure ~~or~~
13 and renewal fee shall be calculated to cover the costs of
14 administering this chapter. The licensure fee may vary depending
15 upon the varying costs associated with administering the various
16 regulatory requirements of this chapter as they relate to the nature
17 and scope of the different licensure activities, including, but not
18 limited to, the track and trace program required pursuant to Section
19 19334.5, but shall not exceed the reasonable regulatory costs to
20 the licensing authority.

21 (b) The total fees assessed pursuant to this chapter, including,
22 but not limited to, provisional license fees set forth in Section
23 19330, shall be set at an amount that will fairly and proportionately
24 generate sufficient total revenue to fully cover the total costs of
25 administering this chapter.

26 (c) All license fees shall be set on a scaled basis by the licensing
27 authority, ~~dependant~~ *dependent* on the size of the business.

28 (d) *The licensing authority shall deposit all fees collected in a*
29 *fee account specific to that licensing authority, to be established*
30 *in the Medical Cannabis Regulation Fund. Moneys in the licensing*
31 *authority fee accounts shall be used, upon appropriation of the*
32 *Legislature, by the designated licensing authority for the*
33 *administration of this chapter.*

34 19361. (a) The Medical Cannabis Regulation Fund is hereby
35 established within the State Treasury. Notwithstanding Section
36 16305.7 of the Government Code, the fund shall include any
37 interest and dividends earned on the moneys in the fund.

38 (b) Except as otherwise provided, all moneys collected pursuant
39 to this chapter as a result of fines or penalties imposed under this
40 chapter shall be deposited directly into the Medical Cannabis Fines

1 and Penalties Account, which is hereby established within the
2 fund, and shall be available, upon appropriation by the Legislature
3 to the office, for the purposes of funding the enforcement grant
4 program pursuant to subdivision (c).

5 (c) (1) The office shall establish a grant program to allocate
6 moneys from the Medical Cannabis Fines and Penalties Account
7 to state and local entities for the following purposes:

8 (A) To assist with medical cannabis regulation and the
9 enforcement of this chapter and other state and local laws
10 applicable to cannabis activities.

11 (B) For allocation to state and local agencies and law
12 enforcement to remedy the environmental impacts of cannabis
13 cultivation.

14 (2) The costs of the grant program under this subdivision shall,
15 upon appropriation by the Legislature, be paid for with moneys in
16 the Medical Cannabis Fines and Penalties Account.

17 (3) *The grant program established by this subdivision shall only*
18 *be implemented after the loan specified in subdivision (d) is repaid.*

19 (d) (1) Funds for the establishment and support of the regulatory
20 activities pursuant to this chapter ~~may~~ *shall* be advanced as a
21 General Fund or special fund loan, and shall be repaid by the initial
22 proceeds from fees collected pursuant to this chapter or any rule
23 or regulation adopted pursuant to this chapter, by January 1, 2022.
24 *Should the initial proceeds from fees not be sufficient to repay the*
25 *loan, moneys from the Medical Cannabis Fines and Penalties*
26 *Account shall be made available to the office, by appropriation of*
27 *the Legislature, to repay the loan.*

28 (2) Funds advanced pursuant to this subdivision shall be
29 appropriated to the office, which shall distribute the moneys to the
30 appropriate licensing authorities, as necessary to implement the
31 provisions of this chapter.

32 Article 14. Reporting

33
34
35 19363. On or before March 1 of each year, the director shall
36 prepare and submit to the Legislature an annual report on the
37 office's activities and post the report on the office's Internet Web
38 site. The report shall include, but not be limited to, the following
39 information for the previous fiscal year:

1 (a) The amount of funds allocated and spent by the office and
2 licensing authorities for medical cannabis licensing, enforcement,
3 and administration.

4 (b) The number of state licenses issued, renewed, denied,
5 suspended, and revoked, by state license category.

6 (c) The average time for processing state license applications,
7 by state license category.

8 (d) The number and type of enforcement activities conducted
9 by the licensing authorities and by local law enforcement agencies
10 in conjunction with the licensing authorities or the office.

11 (e) The number, type, and amount of penalties, fines, and other
12 disciplinary actions taken by the licensing authorities.

13
14 Article 15. Privacy
15

16 19365. (a) Information identifying the names of patients, their
17 medical conditions, or the names of their primary caregivers
18 received and contained in records kept by the office or licensing
19 authorities for the purposes of administering this chapter are
20 confidential and shall not be disclosed pursuant to the California
21 Public Records Act (Chapter 3.5 (commencing with Section 6250)
22 of Division 7 of Title 1 of the Government Code), except as
23 necessary for authorized employees of the State of California or
24 any city, county, or city and county to perform official duties
25 pursuant to this chapter, or a local ordinance.

26 (b) Nothing in this section precludes the following:

27 (1) Employees of any of the office or licensing authorities
28 notifying state or local agencies about information submitted to
29 the agency that the employee suspects is falsified or fraudulent.

30 (2) Notifications from any of the office or licensing authorities
31 to state or local agencies about apparent violations of this chapter
32 or applicable local ordinance.

33 (3) Verification of requests by state or local agencies to confirm
34 licenses and certificates issued by the regulatory authorities or
35 other state agency.

36 (4) Provision of information requested pursuant to a court order
37 or subpoena issued by a court or an administrative agency or local
38 governing body authorized by law to issue subpoenas.

39 (c) Information shall not be disclosed by any state or local
40 agency beyond what is necessary to achieve the goals of a specific

1 investigation, notification, or the parameters of a specific court
2 order or subpoena.

3 *SEC. 5. Section 11552 of the Government Code is amended to*
4 *read:*

5 11552. (a) Effective January 1, 1988, an annual salary of
6 eighty-five thousand four hundred two dollars (\$85,402) shall be
7 paid to each of the following:

- 8 (1) Commissioner of Business Oversight.
- 9 (2) Director of Transportation.
- 10 (3) Real Estate Commissioner.
- 11 (4) Director of Social Services.
- 12 (5) Director of Water Resources.
- 13 (6) Director of General Services.
- 14 (7) Director of Motor Vehicles.
- 15 (8) Executive Officer of the Franchise Tax Board.
- 16 (9) Director of Employment Development.
- 17 (10) Director of Alcoholic Beverage Control.
- 18 (11) Director of Housing and Community Development.
- 19 (12) Director of Alcohol and Drug Programs.
- 20 (13) Director of Statewide Health Planning and Development.
- 21 (14) Director of the Department of Human Resources.
- 22 (15) Director of Health Care Services.
- 23 (16) Director of State Hospitals.
- 24 (17) Director of Developmental Services.
- 25 (18) State Public Defender.
- 26 (19) Director of the California State Lottery.
- 27 (20) Director of Fish and Wildlife.
- 28 (21) Director of Parks and Recreation.
- 29 (22) Director of Rehabilitation.
- 30 (23) Director of the Office of Administrative Law.
- 31 (24) Director of Consumer Affairs.
- 32 (25) Director of Forestry and Fire Protection.
- 33 (26) The Inspector General pursuant to Section 6125 of the
34 Penal Code.
- 35 (27) Director of Child Support Services.
- 36 (28) Director of Industrial Relations.
- 37 (29) Director of Toxic Substances Control.
- 38 (30) Director of Pesticide Regulation.
- 39 (31) Director of Managed Health Care.
- 40 (32) Director of Environmental Health Hazard Assessment.

1 (33) Director of California Bay-Delta Authority.

2 (34) Director of California Conservation Corps.

3 (35) Director of Technology.

4 (36) Director of Emergency Services.

5 (37) *Director of the Office of Medical Cannabis Regulation.*

6 (b) The annual compensation provided by this section shall be
7 increased in any fiscal year in which a general salary increase is
8 provided for state employees. The amount of the increase provided
9 by this section shall be comparable to, but shall not exceed, the
10 percentage of the general salary increases provided for state
11 employees during that fiscal year.

12 ~~SEC. 7.~~

13 *SEC. 6.* Section 11362.775 of the Health and Safety Code is
14 amended to read:

15 11362.775. (a) Subject to subdivision (b), qualified patients,
16 persons with valid identification cards, and the designated primary
17 caregivers of qualified patients and persons with identification
18 cards, who associate within the State of California in order to
19 collectively or cooperatively cultivate cannabis for medical
20 purposes, shall not solely on the basis of that fact be subject to
21 state criminal sanctions under Section 11357, 11358, 11359, 11360,
22 11366, 11366.5, or 11570.

23 (b) This section shall remain in effect only until 180 days after
24 the Governor's Office of Medical Cannabis Regulation posts a
25 notice on its Internet Web site that the licensing authorities have
26 commenced issuing provisional licenses pursuant to the Medical
27 Cannabis Regulation and Control Act (Chapter 3.5 (commencing
28 with Section 19300) of Division 8 of the Business and Professions
29 Code), and as of that date is repealed.

30 ~~SEC. 8.~~

31 *SEC. 7.* Section 147.5 is added to the Labor Code, to read:

32 147.5. (a) By January 1, 2017, the Division of Occupational
33 Safety and Health shall convene an advisory committee to evaluate
34 whether there is a need to develop industry-specific regulations
35 related to the activities of facilities issued a license pursuant to
36 Chapter 3.5 (commencing with Section 19300) of Division 8 of
37 the Business and Professions Code.

38 (b) By July 1, 2017, the advisory committee shall present to the
39 board its findings and recommendations for consideration by the
40 board. By July 1, 2017, the board shall render a decision regarding

1 the adoption of industry-specific regulations pursuant to this
2 section.

3 ~~SEC. 9.~~

4 *SEC. 8.* Section 3094 is added to the Labor Code, to read:

5 3094. The Division of Apprenticeship Standards shall
6 investigate, approve, or reject applications for apprenticeship
7 programs for employees of a licensee subject to Article 11
8 (commencing with Section 19350) of Chapter 3.5 of Division 8
9 of the Business and Professions Code. The Division of
10 Apprenticeship Standards shall adopt regulations necessary to
11 implement and regulate the establishment of the apprenticeship
12 programs described in this section.

13 ~~SEC. 10.~~ ~~Section 2402.5 is added to the Vehicle Code, to read:~~

14 ~~2402.5. The Department of the California Highway Patrol shall~~
15 ~~establish protocols to determine whether a driver is operating a~~
16 ~~vehicle under the influence of cannabis, and shall develop protocols~~
17 ~~setting forth best practices to assist law enforcement agencies. The~~
18 ~~costs to the Department of the California Highway Patrol of~~
19 ~~implementing this subdivision shall, upon appropriation by the~~
20 ~~Legislature, be paid for with appropriations from moneys in the~~
21 ~~Fines and Penalties Account of the Medical Cannabis Regulation~~
22 ~~Fund.~~

23 *SEC. 9.* *Section 2402.5 is added to the Vehicle Code, to read:*

24 *2402.5. (a) The Department of Motor Vehicles, in consultation*
25 *with the Department of the California Highway Patrol, shall*
26 *prepare a report to the Governor's Office of Medical Cannabis*
27 *Regulation, the Senate, and the Assembly that identifies best*
28 *practices for the identification, detection, and apprehension of*
29 *drivers operating a vehicle unsafely due to medical cannabis*
30 *impairment.*

31 *(b) It is the intent of the Legislature that the Department of*
32 *Motor Vehicles use various resources, including, but not limited*
33 *to, peer-reviewed research and drug recognition experts to prepare*
34 *the report.*

35 *(c) The report shall include, but not be limited to, an*
36 *identification of roadside tests that enhance the ability of law*
37 *enforcement officers to detect cannabis impairment and specific*
38 *indicators that correlate performance on roadside testing with the*
39 *inability of a driver to safely operate a motor vehicle.*

1 (d) *Publication of the report shall not occur until the Department*
2 *of the California Highway Patrol concurs with its findings.*

3 (e) *The Department of Motor Vehicles and the Department of*
4 *the California Highway Patrol may contract for consultation*
5 *services necessary to complete the report and receive*
6 *reimbursement for the costs of consultation services from the*
7 *Medical Cannabis Regulation Fund.*

8 (f) *The report required pursuant to this section shall be*
9 *submitted in compliance with Section 9795 of the Government*
10 *Code.*

11 ~~SEC. 11.~~

12 ~~SEC. 10.~~ The provisions of this act are severable. If any
13 provision of this act or its application is held invalid, that invalidity
14 shall not affect other provisions or applications that can be given
15 effect without the invalid provision or application.

16 ~~SEC. 12.~~

17 ~~SEC. 11.~~ The Legislature finds and declares that Section 6 of
18 this act, which adds Chapter 3.5 (commencing with Section 19300)
19 to Division 8 of the Business and Professions Code, imposes a
20 limitation on the public's right of access to the meetings of public
21 bodies or the writings of public officials and agencies within the
22 meaning of Section 3 of Article I of the California Constitution.
23 Pursuant to that constitutional provision, the Legislature makes
24 the following findings to demonstrate the interest protected by this
25 limitation and the need for protecting that interest:

26 It is necessary to maintain the confidentiality of patient and
27 physician information provided to the regulatory authorities in
28 order to protect the private medical information of patients who
29 use medical cannabis and to preserve the essential confidentiality
30 of the physician and patient relationship.

31 ~~SEC. 13.~~

32 ~~SEC. 12.~~ No reimbursement is required by this act pursuant to
33 Section 6 of Article XIII B of the California Constitution for certain
34 costs that may be incurred by a local agency or school district
35 because, in that regard, this act creates a new crime or infraction,
36 eliminates a crime or infraction, or changes the penalty for a crime
37 or infraction, within the meaning of Section 17556 of the
38 Government Code, or changes the definition of a crime within the
39 meaning of Section 6 of Article XIII B of the California
40 Constitution.

1 However, if the Commission on State Mandates determines that
2 this act contains other costs mandated by the state, reimbursement
3 to local agencies and school districts for those costs shall be made
4 pursuant to Part 7 (commencing with Section 17500) of Division
5 4 of Title 2 of the Government Code.

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